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MEDIA DECISIONS: REACHING BUYERS WITH ADVERTISING

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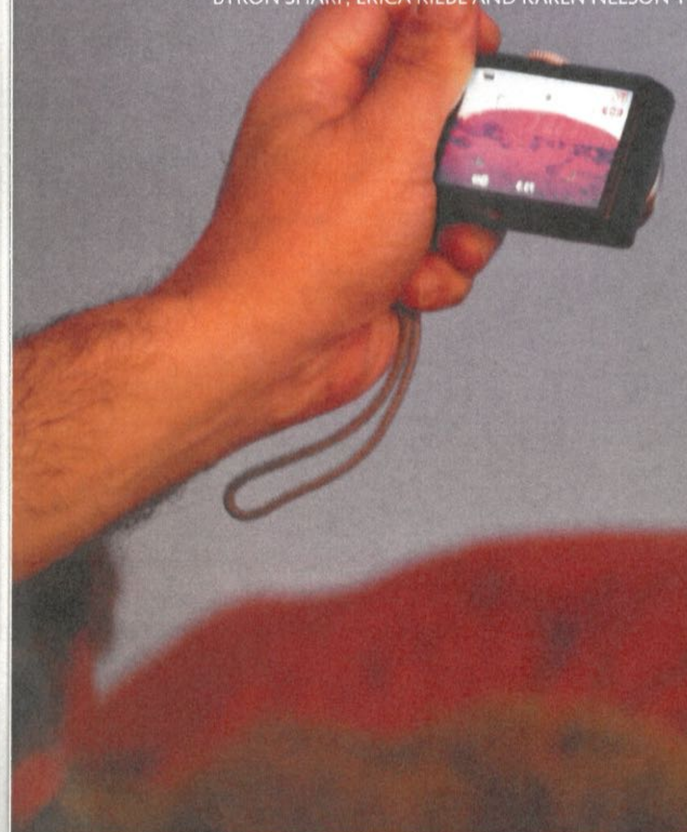

Introduction case

'Holiday at home': Managing a media campaign

Because of the strong Australian dollar and the growing number of low-cost airlines, more and more Australians are flying to Asia for their holidays. To encourage Australians to 'holiday at home', a large advertising budget was given to the Department of Tourism. The marketing manager, wanting get the campaign running quickly, split the department into teams—one team for television, another for radio, a third for print media (newspapers and magazines), a fourth for online advertisements and a final group for outdoor (events, billboards and bus shelters). At the end of two weeks, the groups were asked to present their proposals. Each team had come up with fantastic ideas, but none fitted within the allocated budget.

To help encourage Australians to 'holiday at home', a large advertising budget was given to the Department of Tourism.

The teams also had different ideas about who the advertising should target and how often. The manager looked over the plans and had no idea what to do—each media option had advantages and disadvantages, but they were so different that it was impossible to fairly compare one against another—and integrating the campaigns into a whole looked impossible. The Marketing Manager had no choice but to set the proposals aside and start again, looking at the campaign as a whole. Media planning for the campaign was much more complex than it had originally appeared. Trying to rush things and failure to take an integrated approach had ended up delaying the progress instead of making it easier.

INTRODUCTION

During your marketing career, you will often be involved in spending large amounts of money on media space, to place your advertising in front of buyers. Few textbooks cover these decisions in detail, leaving many marketers underequipped to make sound decisions. Yet media decisions are very important, because media is such a costly item, and because advertising can not be sales-effective unless it reaches buyers and does so at an appropriate time and place.

LEARNING OBJECTIVES

After reading this chapter you should be able to:

- describe the general media environment and the major media-centric challenges facing marketers
- understand the overall media planning process
- recognise and set realistic media objectives
- discuss the characteristics of a range of different media vehicles
- recognise key terminology (including data and tools) used in media planning
- describe the concept of effective scheduling and a range of scheduling patterns
- discuss appropriate techniques for evaluating media campaigns
- discuss and critique key factors in media decision making.

CHAPTER OUTLINE

Introduction
Commercial media
The media industry
The media planning process
Media characteristics
Putting a mix together: Integrated marketing communications
Developing the media schedule
Media data, tools and campaign evaluation
Conclusion

KEY TERMS

above the line media
advertising clutter
audience accumulation
audience targeting
below the line media
circulation
commercial media
concurrent media usage
cost per thousand (CPM)
direct mail (DM)
duplication of viewing/listening law
frequency of exposure
full-service agencies
gross rating points (GRPs)
integrated marketing communications (IMC)
long tail
make-goods
mass media
media agencies
media auditing
media buying
media planning
media vehicle
optimisation software
opportunity to see/hear (OTS)
out of home media
paid search advertising
product placement
program rating
ratings data
reach
selective vehicles
selectivity
syndicated data
target audience measurement (TAM)
target audience rating points (TARPs)
touch points
wastage

COMMERCIAL MEDIA

LEARNING OBJECTIVE
Describe the general media environment and the major media-centric challenges facing marketers

Media deliver entertainment, information and advertising to vast audiences and they play an important role in contemporary society. Media that carries advertising is often called **commercial media**. Compared with other forms of advertising delivery (such as personal selling or telemarketing), commercial media provide a convenient and relatively inexpensive method for delivering a message to vast numbers of people.

commercial media: Media that carries paid advertising.

The twentieth century and the recent digital revolution saw an amazing increase in the amount of commercial media available to advertisers. Today, advertisers have more choices than ever for where they can place their advertising. This makes the job of choosing media for advertising more complicated.

History of commercial media

Inscriptions on rock walls of commercial and political messages have been found in the ruins of Pompeii. Today we refer to this as outdoor or **out of home media** (which includes posters and signs). In the Middle Ages, with a largely illiterate population, branding came to the fore as cobblers, tailors, blacksmiths and so on would display their name, trade and/or 'logo' (or associated image) on signage hanging outside and above the door of their place of business.

out of home media: Media that is consumed outside the home; for example, on a billboard or shop window.

The advent of the Gutenberg printing press in the 1400s allowed large-scale commercial and public announcements to be printed. Regarded as one of the world's most influential inventions, the printing press with its movable type was the catalyst for the world's first **mass media:** newspapers and magazines. The rise of print, however, was slow by modern standards, as it depended on literacy levels, which initially were low. In 1836, the French newspaper *La Presse* was the first to include advertisements. This, along with its other innovation of selling by street vendors, allowed

mass media: Media that reaches vast numbers of people quickly; for example, television.

it to have a lower price, lift its readership and earn more profits. This business model was quickly copied, and by the twentieth century, print (largely newspapers and magazines) was the first mass advertising media.

Radio, the first wireless technology, was introduced in the early 1900s and became the first broadcast media. By the mid 1920s, hundreds of radio stations (whose content included advertising messages) were transmitting across most countries. It was the first time that advertisers could quickly reach national audiences.

Television was introduced in the 1940s and it transformed the commercial media landscape. For the first time, the delivery of verbal and visual messages to vast audiences was possible. In recent years, there has been much talk about a decline in television viewing but this has not happened—viewing levels have not declined, and the number of new screens continues to grow. In 2011, Nielsen Media reported that most (56 per cent) of US households have three or more television sets. Only 18 per cent of households feature a single television set, yet about 30 per cent of US households consist of a single person. In developed countries, television sets outnumber people and the television population continues to grow fast. In developing countries, television is also a rapidly growing medium. So television remains the dominant medium in terms of both time spent watching it and the amount marketers spend advertising on it. Understanding how television advertising works is therefore of vital importance to many marketers, especially those with global consumer brands.

The digital revolution has delivered a host of new and emerging media that advertisers can use. Online advertising has grown extremely quickly, with 15 per cent of global advertising expenditure today going to online. This growth has been fuelled by increases in the numbers of people online and how long they each spend online. This is now rather steady in most developed markets, so the explosive growth in online advertising is now slowing. Online advertising continues to deliver most of the growth in global advertising spend, but these new advertising dollars are skewed towards developing countries.

Today the internet can be considered a 'mature' media, in that the online audience in developing countries is no longer growing, but as with other mature media much change is still occurring. For example, television is increasingly being viewed online, and more online time is from mobile devices rather than desktop computers. The distinction between online and other media such as print and television is fading. There are 'print media' newspapers and magazines that are never actually printed on paper, and many television and radio channels broadcast on the internet; indeed some only broadcast online.

It is an exciting but also challenging time to be involved in advertising and media. Increasingly, jobs in these areas are being taken by well-qualified professionals who must work to maintain an extensive knowledge of the media landscape.

The current media landscape

Increasingly, we live in a wireless, always connected world, and have great flexibility in terms of how we consume media. We can subscribe to magazines and newspapers from around the world online, and we can view 'live', 'catch up' and 'on demand' television content. Smartphones in effect put television, computers, newspapers and magazines in our pockets. The result of this increased availability is that people consume more media than ever before.

The big change for advertisers is the bewildering array of choices for where to spend advertising dollars. There are many more television channels, radio stations, outdoor advertising opportunities (with flexible digital delivery) and online advertising opportunities. For the first time, there are platforms that can potentially reach a global audience, and in a few cases can do so quite quickly. On top of this, consumers are also creating their own media content, and using social media to interact with one another (including talking about brands). So, for marketers there are more opportunities to reach consumers, in different ways, at different times and in different situations. This sounds very promising—and it is—but it also brings risks. There are more ways to waste money now than ever before, and unfortunately very little is known about the effectiveness of many of these options.

Wherever there is a lack of knowledge, myths and rumours will abound. For example, there is already a large volume of industry opinion pieces and case studies on how marketers should use social media—self-declared 'experts' are everywhere. There is much hype and advocacy masquerading as disinterested advice. The reality is that there is little credible (and rarely any generalisable) research on social media (yet). This is not overly surprising, given we have had fifty years to research and understand what television has to offer our advertising dollar—and yet our knowledge about it is still rather limited. There is a serious need for marketers to do small-scale experiments with media in order to learn, rather than rushing headlong into uncertainty.

Case study

Pepsi's 'Refresh Project': A social media pioneer

In 2009, Pepsi announced that it was going to revolutionise their marketing by taking much of their television budget and moving it into social media related activities. The Pepsi 'Refresh Project' included offering US$20 million in grants to individuals and organisations to promote new ideas to positively affect their community, state or the nation. Ideas were accepted on a special website and people could vote online.

The Refresh Project saw market share decline in a shrinking soft drink category. Diet Coke replaced Pepsi as the number two ranked brand for market share in the United States. One commentator summed it up (Ad Contrarian, 2011):

> The Refresh Project accomplished everything a social media program is expected to do: over 80 million votes were registered; almost 3.5 million 'likes' on the Pepsi Facebook page; almost 60,000 Twitter followers. The only thing it did failed to do was sell Pepsi.

In 2011, Pepsi announced their first new television campaign in three years, and the departure of their Chief Marketing Officer.

THE MEDIA INDUSTRY

The media industry comprises the audience, media providers (owners), advertisers and media agencies.

Audience

The audience is the people that use the media as a source of information and/or entertainment. Audiences can be measured in different ways; for example, the amount of people who read a particular magazine will be different (usually larger) from the amount of people who paid and bought the magazine. Obviously advertisers are interested in how many people saw and/or heard their advertisement. As a marketer, you therefore need to carefully understand what the audience measurement metrics really refer to. For example, not everyone who reads the front pages will read other sections of the newspaper. Similarly, television ratings generally refer to the average audience for a program, but this varies over the program—more people are watching at the start of a movie than at the end, and viewing always drops a little during commercial breaks (which, of course, is the real audience that advertisers care about).

For each medium there tends to be one, or a few, research agencies, such as Nielsen Media, that provide audience measurement figures. Typically audiences are measured by **ratings data** for television and radio, and readership and **circulation** figures for press. The size of the audience is the currency by which the media is then sold to advertisers. Other audience measurement metrics are used, particularly for online vehicles, such as page views, 'unique visitors', 'click throughs' and downloads.

ratings data: Audience measurement tool to determine the size of the audience, which is used by media sellers and buyers (the higher the ratings, the more audience: thus the higher the price for the spot).

circulation: Usually refers to how many copies of a print medium (e.g. a magazine) are sold. Readership is therefore always a higher figure.

Media providers (owners)

A media provider (owner) is an organisation that makes media content (such as television programming or magazine articles) available to audiences. Many large providers span a range of media classes; for example, Network Ten in Australia operates three television channels, websites and, until recently, an outdoor arm (Eye Corp); Time Warner operates many television channels (including CNN), radio stations and magazines, as well as making and distributing Hollywood movies.

Media providers therefore have two major clients: the audience, who consume the provided content; and the advertisers, who use these media platforms to advertise to potential consumers of their products and services.

The bigger the audience, the greater the value and hence the higher the cost of advertising space within that content. So media providers try to deliver attractive content to generate large audiences. They may also try to appeal to particular types of viewers (for example wealthy people) if they know that there are advertisers who value advertising particularly to these people. Media providers try to sell as much advertising space as they can, for as high a price as possible, but there is a trade-off because too much advertising decreases ratings—which means having to sell the space to advertisers for lower prices. Some media are legally constrained in how much advertising space they can offer; for example, commercial television channels in Australia are limited to an average of thirteen minutes of space per hour during the evening.

Advertisers

Advertisers include both private and public sector organisations: government departments, fast-food chains, retailers, consumer goods companies, car manufacturers and not-for-profit organisations such as charities. The key benefits for advertisers in buying space in media to advertise their products or services (as compared to running PR campaigns) are the cost efficiency with which they can reach many consumers quickly and the control they can have over the message and timing.

Media agencies

When you advertise, you need to buy some media space, and this can be complicated—bookings have to be made, and prices and conditions negotiated. **Media agencies** provide this service to advertisers. Because they act on behalf of many advertisers, they buy media space in bulk and so can negotiate lower prices. So while advertisers may negotiate media placement purchases with the media provider directly, much advertising space (especially for larger multimedia campaigns) is booked by media agencies.

media agencies: Agen that consult and liaise between media buyers and media providers.

Another reason that marketers use media agencies is to access their specialist knowledge; media agencies will advise on when to advertise, which media to use and even how much to spend. It's not uncommon for advertisers themselves to have very little knowledge about media strategy (few university courses teach it) so they rely heavily on the advice of their media agency. This is dangerous: media budgets are large, so it is irresponsible of marketers not to develop their own in-depth knowledge; all large advertisers should be conducting ongoing research into media strategies. Another reason not to depend solely on the advice of a media agency is that there can be fundamental conflicts of interest between media agencies and their clients. Media agencies want their clients to spend as much as possible on advertising, not as much as is sensible. They also want to buy whatever media packages are easiest and cheapest for them to organise. They'll tend to buy what they know how to buy, not what is necessarily best for the brand. And finally, because media agencies buy media in bulk—for example, they make commitments to television channels (and other media) to buy a certain amount of space each year—they are under pressure to on-sell this 'inventory' to their clients. If they don't sell their inventory of advertising space, they will lose a good deal of money on it—this pressure will sometimes lead them to recommend using certain media, or advertising at a certain time, not because it is the best strategy for the brand but because it is best for the media agency. This isn't to say that media agencies can't provide a lot of value, but advertisers need to be *well-educated* clients or they are very unlikely to gain full value from their media agencies.

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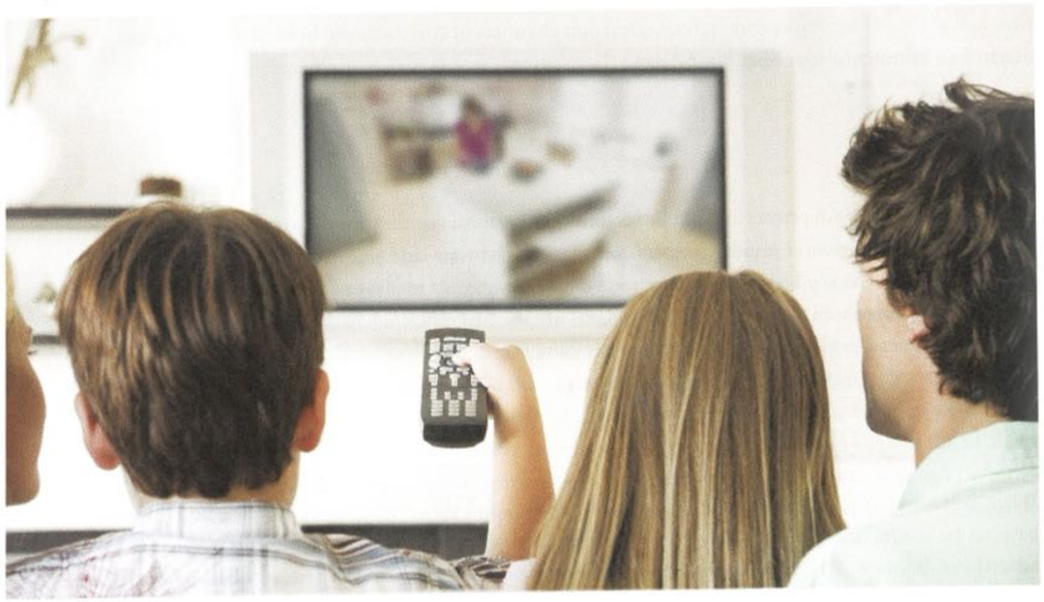

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OzTAM is an audience measurement service that has long been acknowledged as providing the most robust and accountable consumer behaviour data in Australia. Every single day OzTAM, calculates minute-by-minute viewing data for both free-to-air and subscription television channels (covering around 100 television channels). They know how many people are watching, and what they are watching, for every minute of every day. This unique and comprehensive data resource is used widely throughout the Australian advertising and marketing industries, as well as by program producers and media analysts, as a research and analysis tool.

One of the big advantages for OzTAM clients is that the total viewing audience can be broken down into dozens of viewer demographics. For example, a marketer for a woman's magazine who has placed an ad on Network Ten during a break at 7.43 on Thursday night will know the next morning how many women living in the Adelaide metropolitan area, aged between thirty and forty, were watching Channel Ten at that time. A week later, they can also see the number of women in the target demographic that recorded the relevant program and played it back within seven days of the original broadcast. Marketers and advertisers use such data to make all sorts of decisions (such as at what time and on what channel to place an ad) and also as a tool for measuring the results of their ad campaigns.

OzTAM's rating service provider, Nielsen TAM, uses people meters to collect the ratings data. Specifically, they use a sophisticated metering system called UNITAM that uses audio matching technology to measure and report both live and time-shifted viewing. They recruit Australian households to join panels, measure the real viewing behaviour within those households and aggregate the data to form ratings estimates. There are six household panels—one in each of the five major metropolitan areas (Brisbane, Sydney, Melbourne, Adelaide and Perth) to measure the free-to-air and subscription television audience—and a national panel that measures and reports on viewing behaviour in subscription television homes nationally. The households within each panel are carefully selected and screened for a variety of demographics so that as a whole they are an accurate representation of the overall viewing population.

Each day, the minute-by-minute viewing behaviour of each household within the panel is measured. Every television set in the house is fitted with equipment that records the times the television is on and off, and also which channel it is tuned to. To track who is watching, the members of the household (as well as guests) use a remote control to register that they're in the room and watching television. Each day the data is sent electronically to Nielsen TAM where it is collated and analysed. The result is a complete picture of the minute-by-minute viewing behaviour for both free-to-air and subscription television networks, which can be accessed by OzTAM's clients the following day.

Until recently, measuring the television viewing audience was relatively easy. Television programs were broadcast at specific times and if the audience wanted to watch something they would generally switch on and watch at that time. Although VCRs have been around for a generation, it has only been in the past few years that technological developments have led to a significant shift in the options for television viewers. The choice of free-to-air digital channels in Australia has trebled in the past two years, and approximately 90 per cent of Australian homes now have at least one digitally enabled television set. Meanwhile, more people are using digital recorders and watching programs at a time of their choosing after they are broadcast. A small but growing number of households are supplementing their viewing via new services such as catch-up television, IPTV (internet protocol television) and other new technologies such as online video, smartphone applications and video downloads to handheld devices.

The use of these technologies is still relatively low (in most markets around the world about 98 per cent of viewing is still via the television set in homes), but there is no doubt that the landscape is changing. For the marketing and media industries, understanding these changes and measuring and reporting on them will become increasingly important. OzTAM is taking a leadership role in investigating how to incorporate these new usage behaviours into their measurement system. It is a huge challenge that will require extensive industry cooperation and collaboration, but it is essential in order to enable the company to adapt its service to meet evolving consumer behaviour and client needs.

THE MEDIA PLANNING PROCESS

LEARNING OBJECTIVE
Understand the overall media planning process

Up until the late 1950s, the role of media in the marketing communications process was viewed from an operations or tactical viewpoint. Media was considered the 'mailroom of advertising' by practitioners, with the creative and account planning functions of the **full-service agencies** attracting the talent and applause (Ephron in Sissors & Baron, 2002). However, as media became more complex with media proliferation, audience fragmentation, changing media usage habits and an

full-service agencies: Marketing agencies that can provide a full range of services, from market research and analysis to implementation.

media planning: The strategic scheduling of media expenditure and measurement.

media buying: The process of purchasing media, typically undertaken by an agent or a brand (for example, Coca-Cola is a media buyer).

LEARNING OBJECTIVE Discuss and critique key factors in media decision making

LEARNING OBJECTIVE Recognise and set realistic media objectives

media vehicle: A specific media source employed in an advertising campaign.

reach: The proportion of the total population that is exposed at least once to an advertisement.

audience accumulation: Total net audience reached by a media vehicle.

target audience rating points (TARPs): An audience measurement tool that measures the proportion of a target audience among the total audience. It is measured within a specific media vehicle, such as a television channel or program.

gross rating points (GRPs): The total number of rating points for a particular period of time. It can be calculated from reach multiplied by frequency.

increase in availability of data and selection tools, **media planning** and **media buying** started to evolve into specialised disciplines and became more important in the marketing communications process (Surmanek, 1996; Turk & Katz, 1992; Wicken & Spittler, 1998; Bogart, 2000; Veldre, 2005).

In turn, there has been increasing advertiser interest in media strategy with it even preceding the creative strategy in terms of the decision making process (Jacobs, 1991; King, 1997; Summerfield, 2003; Veldre, 2003; Bainbridge, 2004). The primary reason is the large investment in media placement: advertisers typically invest between 70 and 90 per cent of the marketing communications budget in media alone (Jacobs, 1991; Rossiter, 2005; Paech, 2005; Boivin & Coderre, 2000), with the remaining portion of the budget being that which is spent on the creation of advertising (this expense is sometimes called 'non-working media spend'). So more knowledgeable advertisers are demanding that agencies and media providers display more knowledge about how media planning and buying decisions influence campaign effectiveness.

Decision factors

Media planning involves a media agency or advertiser selecting particular media to achieve marketing communication objectives. In simple terms, the role of the media planner involves working with the advertiser to set media objectives, then prescribing specific tactics for attaining those objectives (Rossiter & Danaher, 1998). Once objectives are determined, the media buyer then directly negotiates with the media owners on the price, positioning and timing of the media space (Katz, 2003).

One of the most important decisions within the media planning process is the selection of individual **media vehicles** (rather than overall type of media). In addition to the intrinsic qualities of a media type, there are particular criteria or factors, under the control of the media provider, that are most commonly used to determine which vehicle best meets the advertiser's objectives (Gensch, 1970; Boivin & Gagné, 1996; Surmanek, 1996; Sissors & Baron, 2002; McLuhan, 2003; Belch & Belch, 2004). These factors are: reach; frequency; budget; selectivity and wastage; clutter; advertising avoidance; engagement, context and consumer relevance; and other qualitative considerations. We will now look at each of these in turn.

Reach

Expressed as a percentage of the total potential population, **reach** is a measure of the number of people that are exposed at least once to a media fragment (for example a television program, an advertisement, a publication or a fifteen-minute block of radio transmission) in any given time. It captures **audience accumulation** and is the primary measure used to assess an advertiser's access to the audience of a media vehicle (Sissors & Baron, 2002). The way in which reach is measured and used by media companies and advertisers varies across media platforms, but in most media, and together with the frequency of exposure among the audience, it forms the currency by which advertising space is sold to advertisers. For instance, **target audience rating points** (**TARPs**) and **gross rating points** (**GRPs**) are calculated by multiplying reach by frequency (frequency is discussed in more detail below).

program ratir number of viev listeners of a p

Reach in broadcast terms (for television or radio) is generally expressed as a **program rating**. For example, achieving one rating point for a television program means that 1 per cent of all television households in a particular geographic area tuned in to that specific program. So, advertising space with better ratings demands a higher price. This explains the attention media companies place on creating and finding popular programs and in promoting their programs to drum up viewers.

For advertisers, reach is a fundamental consideration in their media decision making. As well it should be—it is the measure that captures the size of the audience and should therefore be the key factor in discriminating between media options. In research conducted with single source data, the sales response from advertising has been shown to be convex—rather than sigmoidal (s-shaped) or linear—in shape. (A range of potential advertising response functions is shown in Figure 11.1.) This means that the returns diminish from advertising to an audience more than once within a particular space of time, so reaching an extra potential buyer with advertising will have more effect on sales than reaching the same person a second time. Not surprisingly, being exposed a second, third or tenth time to an advertisement on a particular evening has less effect on learning and memory than the first exposure. Repeated exposure to the same advertising is boring and may encourage advertising avoidance. The implications of the convex response function for media scheduling are discussed in more detail in the section on 'Scheduling for reach' later in this chapter.

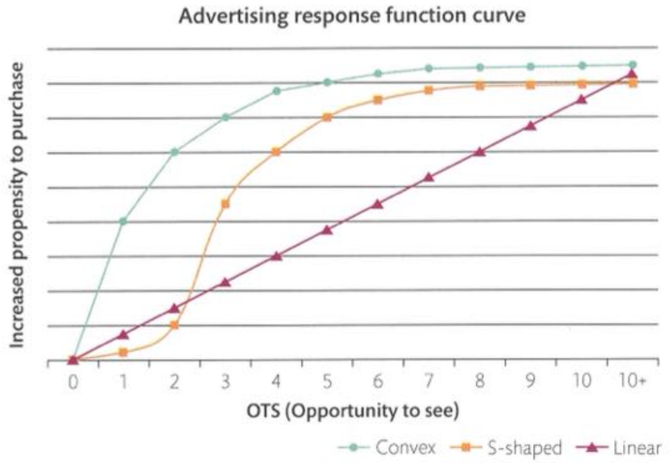


FIGURE 11.1 THEORETICALLY POSSIBLE ADVERTISING RESPONSE FUNCTIONS

While reach is usually the key focus for most advertisers, they often trade off the reach they could achieve in favour of other considerations. Given our knowledge of how brands grow and how advertising works (see Chapter 10) there are good reasons to worry about this; advertisers should be very careful and wary of losing reach.

A growing challenge to achieving reach is the fragmentation of the media audience. Fragmentation is the splitting up of a previously united audience. Additional media vehicles divide the available audience; for example, more and more radio channels mean that it is rare for an individual

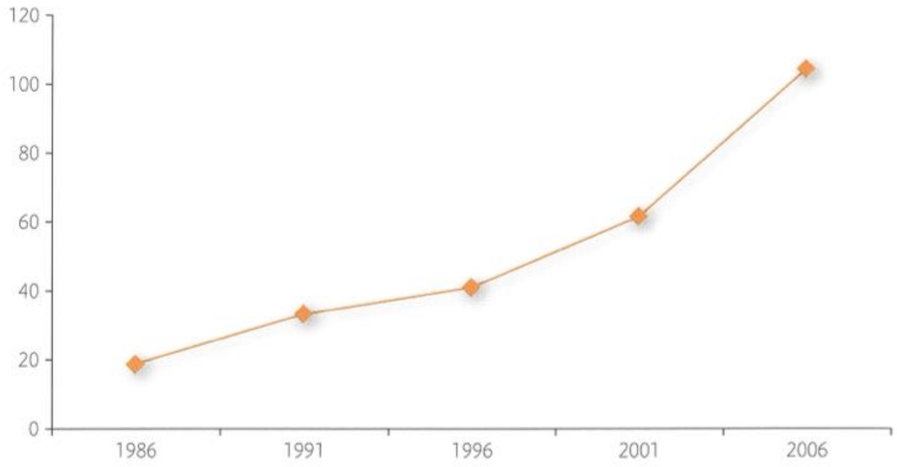


FIGURE 11.2 NUMBER OF TELEVISION CHANNELS AVAILABLE IN THE AVAILABLE US HOME

Source: Data from Nielsen (2008) 'Average US home now receives a record 118.6 TV channels, according to Nielsen', 6 June, The Nielsen Company, retrieved 29 May from <www.nielsen.com/us/en/insights/press-room/2008/average_u_s__home.html>

radio network to command a large audience. In recent years, there has been much fragmentation in magazines, television and radio, and online is already a very fragmented medium. However, newspapers have tended to show a reverse trend, with most cities served by fewer newspapers than before.

Audience fragmentation has affected how people consume media, how advertisers buy space for their messages and how media owners sell that space to advertisers. It is said to be an inevitable consequence of the increasing supply of media options in a 'fixed pie' of viewers (Montanus, 1998; Picard, 1999). Franz (2000) sums up this predicament:

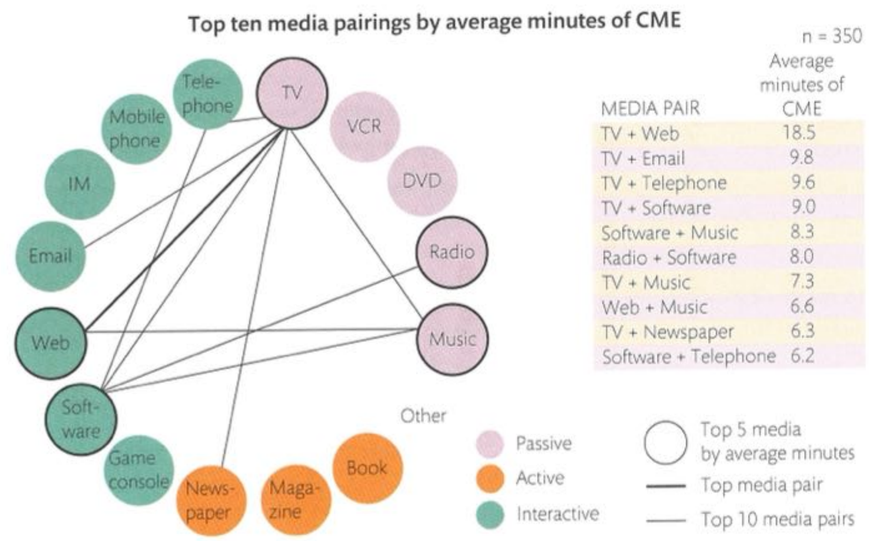
> This is the situation media research has to face in the near future: an unimaginable number of media for a more or less constant number of media users with limited time, money and (most important) attention capacities.

For consumers, this change has predominantly been positive. Never before have we had so much choice. Choice in terms of the devices by which we consume media content (laptops, tablet computers, mobile phones and so on), but also choice in terms of which vehicle we will choose to use to access content. As a result, the way in which we consume media has changed. We spread our time across many more vehicles, but we still only have twenty-four hours in a day and actual time spent consuming media has remained relatively stable over time (an average of just over eight hours in 1999, 2005 and 2009) (Papper et al., 2005; Hess, 2009). Subsequently, and not surprisingly, the

degree of **concurrent media usage** is increasing (Papper et al., 2005; Hess, 2009; Block et al., 2009). The time spent concurrently using different media, however, is not spread equally across platforms. The time spent and frequency of use for new media such as mobile phones varies significantly from that of traditional forms of media (television, radio or cinema) (Papper et al., 2004; Block et al., 2009; Hess, 2009).

concurrent media usage: Using more than one form of media at the same time; for example, posting updates to Facebook while watching television.

Figure 11.3 shows the media that are most likely to be concurrently used, and the media with which they are most likely to share audience time.



Note: Computer-only pairings (for example, web and email) are excluded.

FIGURE 11.3 CONCURRENT MEDIA USE

Source: Adapted from Holmes et al., 2005, p. 19

For advertisers, media proliferation (the growth of media options) and audience fragmentation bring both opportunities and complexity. There are opportunities in terms of choice of media and vehicles to use, in terms of audience to reach and in relation to how much is spent (as more competition leads to price competition in this market). On the other hand, this complexity makes it easier to make the wrong media decision. For example, fragmentation makes it increasingly difficult to reach mass numbers of target consumers through a single top-rating program or station.

Fragmentation means that each advertising spot reaches fewer people. There are more spots available so prices are lower, but advertisers have to buy more to obtain the same reach. Because each additional spot will reach some people already hit by previous spots, an advertiser will find that buying double the number of spots does not double the reach.

In the United States, prime-time ratings on free-to-air television networks fell by over 40 per cent from 1977 to 2003 (Bianco, Lowry et al., 2004), not because people were watching less television

but simply because much of their viewing went to new cable channels. In the 1950s, the top-rating show, *I Love Lucy*, generated a household rating of around 40, whereas in the 2001–02 season even the top-ranking comedy *Friends* only managed a rating of 15 (Green, 2002). Today very few shows rate higher than 5: even the top-rating finales—*Sex in The City* (February 2004), *Sopranos* (June 2007) and *Lost* (May 2010)—reached only a rating of 4. Despite a decline in ratings as a result of the growth in supply of media, advertising revenue generated from the industry continues to grow. Advertisers are now spending more across many more vehicles to reach the vast numbers that in the past could be bought on just a few stations, with just a few media buys and with a lot less money.

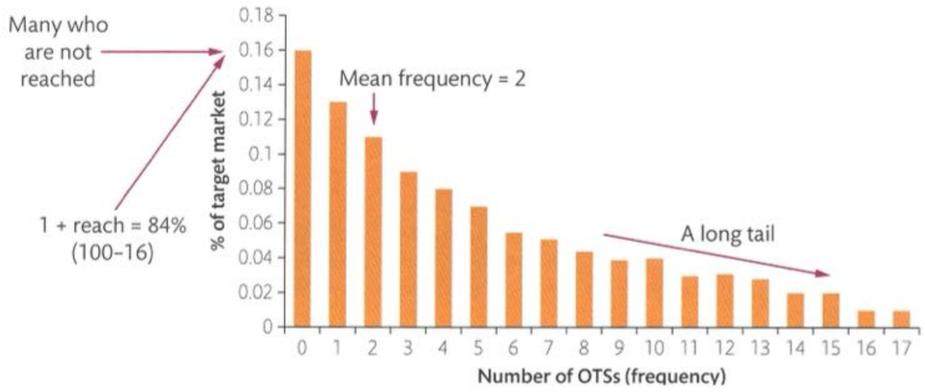


FIGURE 11.4 FREQUENCY DISTRIBUTION WITHIN TARGET AUDIENCE

Frequency

of exposure:
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s exposed to
ement.

The other measurable element that forms the basis of media costs for most advertising space is the average **frequency of exposure**: the number of times potential consumers are exposed to an advertisement within a particular period. Together with reach, frequency of exposure reveals the total number of exposures that have occurred.

While the average frequency of exposure provides some indication of how many spots in a campaign the audience sees or hears, the reporting of an average frequency can be quite misleading. Frequency of exposure among the population is a skewed distribution; that is, most people see or hear very few of the advertisements in a campaign (as shown in Figure 11.4).

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a large number
ement spots.

Regardless of budget and how well advertisements are placed, it's likely that many potential consumers of a product or service that is being promoted will not get any exposure to the campaign, with a few being exposed to a very large number of advertisement spots (this is known as the **long tail**). Given this skew in the distribution of exposure rates, the average frequency disguises the fact that many potential buyers must be exposed to a very large number of advertisements in order for the average frequency of exposure across a population to be much greater than 1. The implications of this for media planning strategy are addressed in the 'Reach don't teach' section later in this chapter.

Budget

The size of an advertiser's budget affects the type of media they might use and the amount of space they will buy. For example, a local doctor's surgery may have an annual advertising budget of $5000, and so could not afford to make a decent television commercial, nor could they afford to buy even one advertising spot in a high-rating television show (which may cost around $20,000). Even though this one spot might deliver cost-effective reach, it has the disadvantage that a single spot gives little coverage over time, and people are getting sick every day of the year. The doctor's surgery needs to look for media that provides cost-effective reach and coverage over time.

For many small businesses, the geographical location of potential consumers might be a very important consideration. If they only serve a limited catchment area, they do not want to pay for media that reaches outside of this area.

While the overall marketing communications budget limits the platforms that can be used and the total amount of advertising that can be purchased by an advertiser, there is still the potential for advertisers to get very different media purchases for their budget. Within a media type (such as television), there is still significant choice in what to spend one's money on and this is where comparative cost measures such as CPM are useful tools for advertisers.

Cost per thousand (CPM) is the cost of a media spot (for example the price of a single advertisement within a magazine) divided by the number of people reached by that spot. CPM can be calculated for any medium that provides an individual advertisement unit cost and the size of the audience that is reached by that unit of advertising. It is an indicator of the efficiency of media spend when compared within a single platform: for example, it is useful for comparing the cost of one television channel's advertising with that of another television channel. Akin to comparing apples with oranges, it is not possible, however, to make such cost comparisons across media platforms—to compare a television station to a radio station, for instance—as the intrinsic qualities of different media types are expected to deliver very different types of exposure for different types of media.

cost per thousand (CPM): The cost of a single advertisement divided by the number of people who can be reached by that one spot.

For many marketers, comparing CPM within a media platform is an effective way of evaluating their individual return on investment. However, such comparisons should also be made with the absolute reach potential of a vehicle in mind. Small media can look very cost-effective on a cost per reach basis; however, if they do not offer the ability to reach many potential buyers in total, they still may not constitute an effective media purchase. For instance, if Media X has a CPM of $1.90 and reaches a total audience of 120,000, but Media Y has a CPM of $2.20 and reaches a total audience of one million, it may still be worth buying space on Media Y in order to ensure that such large reach can be achieved quickly with a single advertisement purchase, despite its higher CPM.

Selectivity and wastage

Another factor that advertisers and media buyers take into consideration when choosing a media vehicle is the extent to which it is able to provide a specific type of audience. CPMs can be calculated for the particular target audience so that different media options can be compared. An option might reach many people who are highly unlikely to buy the advertised product or service, but this does not mean that it is necessarily unsuitable—it might still have a reasonable CPM for reaching the people that matter. It's important that marketers do these calculations and not make the mistake of rejecting some media because they don't look targeted enough.

selectivity: The extent to which a media vehicle delivers a specific type of audience; for example, a golfing magazine may largely deliver golfers and may be geared towards men.

Selectivity refers to the extent to which a media vehicle delivers a specific type of audience (based on the audience's demographic, psychographic or product usage characteristics). For example, *Vogue Bridal* magazine may be selective in delivering an audience made up primarily of women who are about to get married; this may be the target audience for a wedding photographer.

wastage: The proportion of an audience that is not within the advertiser's target audience but who see the advertisement anyway.

Conversely, **wastage** is the proportion of the audience delivered by a media that falls *outside* of the advertiser's target audience. For example, if the advertiser's core target is women, and they buy an advertisement in a medium that delivers an audience of which 40 per cent are male and 60 per cent are female; the wastage would be 40 per cent. For advertisers, a key advantage of choosing a media vehicle that is selective in reaching a desirable target market is that wastage will be reduced. If there are no (or limited) cost implications associated with making such a targeted media choice, then this would represent a significant efficiency for the advertiser. However, this is rarely the case, so accepting some wastage is usually the most cost-effective option.

audience targeting: Choosing media that specifically target a particular customer type; for example, advertising in a horse magazine to reach horse riders.

The desire to limit wastage presents a rationale for advertisers to choose a more selective vehicle that provides an audience that is more closely aligned with their own target market. A foundational concept from the 1960s, **audience targeting** is the practice of placing advertising where it is most likely to be seen by members of the target market for the purpose of having the greatest impact while eliminating costly wastage (Walker, 1998; Sissors & Baron, 2002; Kemplay & Davis, 2008; van der Wurff, Barker & Picard, 2008).

Media vehicles offer advertisers vehicles that they claim reach these desirable segments more effectively than competing offerings. They use this positioning to attract advertisers and even may charge a premium above and beyond the reach they obtain to benefit from the advertiser's desire to reduce wastage. For advertisers, however, there are some problems with this approach.

First, advertisers may mistakenly assume that their brand appeals more strongly to particular (usually demographic) segments than their competitors (Cannon & Rashid, 1991). The demographic variables that are usually used include age, gender, income, occupation and education (Walker, 1998; Sissors & Baron, 2002). While targeting on the basis of demographic variables is most common, other variables can also be used as a basis for matching a target market with a target audience of a medium (Winter, 1980; Cannon, 1984; Assael & Poltrack, 1991; Cannon & Rashid, 1991, Fennel & Allenby, 2002), such as psychographics, media or product category usage. This assumption that a brand's customer base is dramatically different from the customer base of its competitors has been shown to be incorrect (Kennedy & Ehrenberg, 2000), suggesting that rather than choosing a targeted, selective media vehicle, advertisers may be better positioned if they bought space in more mass vehicles.

Direct and indirect matching

Regardless of the variables used, matching a target market with a target audience of a medium may be done either by direct matching or indirect matching. Direct matching involves (often syndicated) single source data where, for a group of individuals, both media use product use and demographic (or other) characteristics of the individual are recorded. This allows advertisers to know what kinds of media their customers use. While it is the gold standard for many forms of media research, single source data is very expensive to collect and is generally difficult for most marketing managers to access. As a result, many advertisers use indirect matching of two sets of data to guide their targeting efforts. This involves the use of fused data, where media use is captured for a group of individuals along with their demographic information, and product usage and demographic information is recorded for a separate group of individuals. The demographic (or other personal characteristic data) is then matched from one data set to another. For example, if in data set A fifteen- to nineteen-year-olds are more likely to listen to Rock FM, and in data set B fifteen- to nineteen-year-olds are more likely to be buyers of Product X, then it is assumed that all fifteen- to nineteen-year-old buyers of Product X are also listeners of Rock FM. Product X may then choose to spend more of its budget advertising on this station in order to reach its target market.

Second, advertisers may mistakenly assume that competing media have different audience profiles. Media providers often make these claims to make up for low or declining reach, and to benefit from advertisers' desires to target (Nowak, Cameron & Krugman, 1993; Picard, 1999; Dimmick, 2003; Nelson-Field, Lees, et al., 2005). Their claims can be found in their promotional material, which is readily available in press releases and on media websites. Here are a couple of examples:

> We are the most broadly appealing station targeting an audience of 25–54 year olds.
>
> Mix 94.5 Perth Station Profile <www.austereo.com.au>,
> cited in Nelson-Field et al., 2007

> Fox FM is an energetic listener driven radio station primarily targeting 18–39 year old females.
>
> Fox 101.9 Melbourne Station Profile < www.austereo.com.au>,
> cited in Nelson-Field et al., 2007

Despite such claims, it has been shown that, overall, media audiences are surprisingly homogenous. For example, even children's television channels (such as Nickelodeon) have a mostly adult audience—they have three to four times the proportion of children viewers than other networks, but adults still account for more than 50 per cent of their viewers. Similarly, despite the fact we may think it would appeal more to men, the US Super Bowl skews only slightly to male viewers (54 per cent) (Sports Business Daily, 2012). Furthermore, the differences in audience between two similar media vehicles (for example two news networks) are very slight. Thus, the differences in the audiences delivered by competing media vehicles are far less dramatic than the audience selectivity claims media providers typically make (Nelson-Field & Riebe, 2010). On average, half of a vehicle's audience falls outside of its claimed target market and the more targeted a vehicle claims to be the less well their claim actually describes their real audience. In many cases, where a media vehicle

claims to appeal to a specific segment, several of its competitors actually reach far more of that specific segment than the claimant. For advertisers, this means that those who choose targeted media actually get less reach within the chosen segment than they would if they had simply bought a less targeted media, despite the so-called 'wastage' that may come with that decision.

Given that media skews are normally reported as the percentage of an audience that can be described by the chosen desirable demographic (or other characteristic), it is perhaps unsurprising that advertisers are sometimes confused about the effectiveness of buying apparently selective media. The evidence suggests that mass media often do a better job of providing access to these segments than the supposed **selective vehicles**, and often also with less wastage. Consider the example of two media vehicles, one mass media vehicle that makes no claim about reaching a specific audience, and the other a selective vehicle that claims to reach more females aged eighteen to thirty years of age (as shown in Figure 11.5).

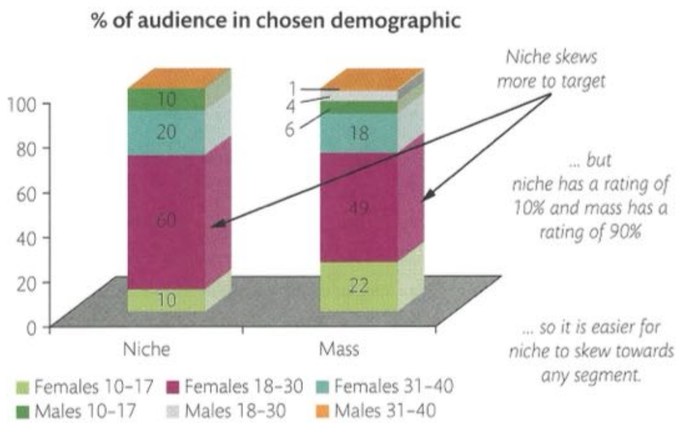


FIGURE 11.5 SELECTIVITY CLAIMS

The selective media is not being entirely untruthful in its claim. Its audience is proportionally made up of more females aged eighteen to thirty than that of its competitor, even though both vehicles attract many viewers in this segment. However, if the ratings of the two vehicles are also considered, the picture is very different. A far larger vehicle, with a smaller skew towards a particular segment, may actually allow an advertiser to reach more (in absolute numbers) of the desired audience. In this case, if the ratings of the two media were 90 per cent and 10 per cent respectively (that is, these vehicles alone made up the entire market), then the mass brand would allow the advertiser to contact 88 per cent of all the women aged eighteen to thirty in the market, while the selective vehicle (despite its audience skew) would only deliver 12 per cent of this segment to the advertiser (as shown in Figure 11.6).

So, while it is important to consider whether potential buyers of your product are likely to be using the media in which you are advertising, do not consider only the skew of an audience proportionally towards your desired target market, but also the overall reach ability of the vehicle in which you choose to advertise.

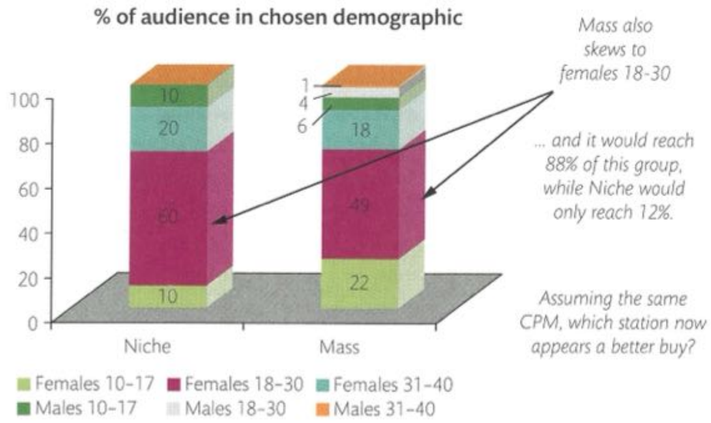


FIGURE 11.6 SELECTIVITY CLAIMS AND ACTUAL REACH

Clutter

In comparing different media options, advertisers may also consider a range of more qualitative factors. One of these considerations is **advertising clutter**: the level of advertising and other non-programming material (such as community service announcements, station promotions or news bulletins) that appears in a medium (Speck & Elliott, 1998). It is reported that advertising clutter in all media is increasing (Green, 2003) and it is suspected that this clutter reduces the effectiveness of advertising by limiting the ability of the audience to notice and/or effectively process advertising (Brown & Rothschild, 1993; Webb & Ray, 1979).

advertising clutter: The amount of other advertising and other non-program material that appears within a medium.

Certainly, increases in the sheer amount of advertising make it more difficult for all advertisements to be remembered (Riebe & Dawes, 2006; Hammer, Riebe & Kennedy, 2009) and may lead to increased advertising avoidance. In addition, the first and last positions in an advertisement break have been shown to be more effective (Webb & Ray, 1979; Brown & Rothschild, 1993; Riebe & Dawes, 2006). Therefore less advertising (less clutter) in a vehicle is more likely to result in any one advertiser's material being in a favourable position.

Given this, clutter is an important consideration in choosing media vehicles. As with comparing media on a CPM basis, making comparisons between different types of media in relation to the level of clutter they contain can be ineffective. However, when comparing one radio station that has a lot of advertising with another radio station that contains far less advertising, for example, it follows that it is sensible to consider the clutter. Unfortunately for advertisers, media that do offer significantly less cluttered advertising environments realise that these environments are preferable and also need to recoup the losses associated with having less advertising inventory to sell. As a result, low clutter advertising space tends to cost more. Smaller (or newer) media often make claims about intentionally having less advertising clutter (for which they charge accordingly), but sooner or later, once they have the ratings to support selling more advertising space, they reduce their reliance on this strategy and instead try to charge more for having equally as cluttered advertising environments as their competitors (this occurred recently with the Nova radio station in Australia).

When it comes to clutter, the question for advertisers therefore needs to be whether the price premiums are really worth the additional effectiveness gained from advertising in low clutter environments. In a study of three different types of clutter in television, radio and print, Hammer, Riebe and Kennedy (2009) showed that only clutter caused by the sheer volume of advertising, rather than its arrangement or the presence of competitors' advertising, had a significant effect on audience memories of advertising. Furthermore, reducing the amount of advertising would not produce sufficient improvement in advertising recall and recognition to justify the price increases for that advertising space. This was later found to also be true in the context of social media: Nelson-Field, Sharp and Riebe (2012) replicated the study in a large-scale Facebook experiment and found that in the highly cluttered Facebook environment, where respondents were exposed to less clutter, they were more likely to recall an advertising exposure, but that halving clutter did not double an advertisement's chance of being recalled.

Advertising avoidance

Related to the issue of advertising clutter is that of advertising avoidance. In selecting a media vehicle, advertisers may consider the extent to which OTS (**opportunity to see/hear**) directly translates into actual exposure. OTS is most commonly discussed in relation to television audiences, although it does not necessarily have to be restricted to this platform. OTS determines the likely audience of an advertisement, as measured by the people meter device. The people meter records how many people are in the room during a particular program. Program ratings are not truly reflective of the true size of the audience for advertising. Around one third of the television audience for a program actively avoids advertising when it is aired (they leave the room, switch the station and so on). Such active avoidance is captured by considering the OTS of a particular thirty-second advertising position (reflected in the people meter data), rather than the overall ratings for a program.

opportunity to see/hear (OTS): A measure of how many people had the chance to see or hear an advertisement. Note that this is distinguished from actual exposure, which is the number of people who *did* see an advertisement.

What is not captured in the OTS measure, however, is the third of the audience who passively avoids advertising by muting the ads, talking with friends or using the internet while having the television on, and so on. This avoidance behaviour is not captured by the people meter and is a significant consideration. In choosing a vehicle in which to promote their products, advertisers therefore need to consider the likelihood that a particular position is more or less likely to result in advertising avoidance behaviour from the audience.

Engagement, context and consumer relevance

Another factor that advertisers and media buyers take into consideration when choosing media vehicles is the extent to which the context of the placement affects the effectiveness of the advertising.

Much of the impetus for work in this area arose in the 1980s with the concept of involvement. Clearly, we are more interested in some media content than others. Potentially we are also more likely to be affected by advertising when it is placed in certain positions, based on our level of interest in the context for that advertising. And similarly, the congruence between the advertising and the media content could ensure that we are more accepting of advertising content when it is aired within related content. How advertising effectiveness is altered by the audience's involvement or engagement with the media content in which advertising is placed, however, has not yet thoroughly been answered. So far the answer appears to be, 'It's complicated'—sometimes more involvement is good for the advertising and sometimes it is not. Nonetheless, there has been renewed vigour in this area of research, thanks largely to smaller media (of which there are more, due to proliferation and fragmentation) and social media.

As advertisers scramble for a rationale to justify their advertising and media choices, engagement is a useful crutch (Ephron, 2005). But the question still remains—are environments where the audience is more interested, involved or engaged environments where audiences are more likely to notice, effectively process and then act upon the advertising? The empirical evidence that does exist in this area is conflicting, thanks largely to the different conceptualisations used for the engagement construct (Plummer, 2006; Andrews, Durvasula & Akhter, 1990; Calder et al., 2009).

Potentially, advertising that is more congruent with its context—that is, the product is related (an ad for soccer equipment placed during the telecast of the World Cup) or the creative is tied to the context (such as a car ad that involves references to tennis and is placed during a tennis telecast)—may be more effective than advertising that is unrelated to its context. Certainly there is a targeting effect, in that tennis programs reach people who are somewhat more interested in tennis than the average person, but whether this related context helps advertising attention and processing is not well known. It's certainly not a simple effect, nor very strong.

Other qualitative considerations

In addition to all of these different considerations that media buyers need to make, there are myriad other situation-specific factors that come into play. For example, the availability of existing creative executions, inherent characteristics of the particular category or brand being promoted (such as seasonal sales effects), discounts available for particular sectional positions, sponsorship deals, and the timing and number of spots that are made available by the provider may all influence the final media decisions that are made by the planner or buyer (Spittler, 1998).

While the onus is on the media planner to determine the relevance and importance of each factor relative to the particular campaign or product (Gensch, 1970), Abatt and Cowan (1999) suggest that more importance is placed on certain selection factors over others when considering media choice. After surveying the top 100 South African advertisers (by advertising volume) and their media agencies, Abatt and Cowan found that the medium's ability to reach a specific demographic audience was considered over all other media decision factors to be the most important and to have the most potential to influence their media decisions. This finding was also noted in a similar earlier study of small advertisers by Nowak and colleagues (1971). There has particularly been heated debate in industry publications about how these priorities might affect scheduling practices, such as how a focus on maximising reach or effective frequency might lead to different scheduling approaches (Ephron, 1995b, 1997, 2000b; Broadbent, 1998). Scheduling decisions are discussed later in this chapter.

LEARNING OBJECTIVE
Discuss the characteristics of a range of different media vehicles

MEDIA CHARACTERISTICS

Media choice and media vehicle selection are among the important media planning decisions an advertiser needs to make. Choices are usually made early in the media planning process and the procedure for doing so is based partly on quantitative data (on reach and cost), and partly on the intrinsic qualities of these media types and the advertising message.

The media plan can be driven by many factors, such as existing creative material, availability of advertising space or whether management has a desire to be advertising on a particular medium. However, this is not good practice. There should be three key considerations that affect the choice of media type:

1 the sales effect of advertising exposures in that media
2 the overall size of the audience that the media vehicle can deliver and when
3 the cost of the media.

With these factors in mind, the intrinsic qualities (and disadvantages) of different types of media are now described in more detail.

Television

Television tends to take the largest single slice of advertising dollars in developed countries. This is because almost everyone watches television, on average for several hours a day. So it can reach a lot of consumers, and it can do so rather quickly compared to other media.

There are other media that are cheaper to create ads for, and in other media it costs less to buy a single spot, but often these media deliver far smaller audiences, which means that in order for the advertiser to reach the consumers they want to within a certain time (this week or month), they have to buy an awful lot of space. For example, if you wanted to reach everyone in Sydney using newspaper advertising, it would be difficult—there are groups of people (especially teenagers) who seldom if ever read a newspaper—and it would require paying for a lot of newspaper space over a long time. So, while television might appear more expensive, it can work out to be the cheapest way to meet the advertiser's reach objective. This is why many large consumer brands spend 80 per cent or more of their entire advertising budget on television. Retailers, who often have objectives to reach a lot of consumers *this week*, also tend to use a lot of television advertising—they need the quick reach of television because they often need to tell consumers about something that is happening in-store this week, and next week they will run a different ad. For similar reasons, politicians use a great deal of television advertising during elections.

Because of its fast and vast reach, and because television delivers video and sound, television campaigns create buzz and get spoken about far more than campaigns in other media. This additional publicity and word-of-mouth benefit adds to the effectiveness of television. Advertisers often dream of their advertisement 'going viral', meaning people pass on copies of the ad or links to it on Facebook, YouTube, Twitter and so on. Similarly, they hope that journalists will start talking about their advertisement or brand, especially journalists that write for high-rating television shows.

Television is often considered the premium advertising medium because of its high-quality colour, video and sound. Marketers can create advertisements that look good and that consumers want to watch, and they can show their brand in all its glory—or at least associate it with relevant beautiful scenes and people. Television advertising can be very entertaining, as evidenced by programs that feature nothing but top advertisements, and by the amount of people who post television advertisements to YouTube for others to watch.

It's true that people do not watch every advertisement during the programs they watch—they fast-forward, switch channels, mute the sound, do some other activity or leave the room—but television viewers do still watch a lot of television advertisements and are generally willing to do so. People like the model of receiving free (or heavily subsidised) programs in exchange for watching (some) advertising. Research shows that on average people watch about one third of television commercials; another third of the time they passively avoid them (they give something else—such as surfing the web or talking to someone else in the room—their attention) and for the final third of the time they completely avoid the ads by switching the channel or leaving the room (Paech, Riebe & Sharp, 2003). There is evidence that this has not changed much over the years in spite of new technology and channels (Sharp, Beal & Collins, 2009; du Plessis, 2009). Today digital video recorders provide different ways of avoiding ads (such as fast-forwarding) but these avoidance methods largely replace older ones: the total amount of television advertising avoidance has not increased. Also, television viewing is quite a passive, relaxed and relaxing activity, so consumers are willing to let ads 'wash over them'. This is in complete contrast to environments where people are goal-directed or concentrating on a task (such as shopping in a supermarket or writing to friends on Facebook)—in such active environments consumers are extremely good at screening out advertising, which means that they just don't see it. Radio also shares this advantage with television, as does print advertising in magazines: as with television advertising, we sometimes enjoy reading print ads, which in some magazines are extremely similar to the actual content (look at the fashion ads in *Vogue*, for instance).

While television may reach large numbers of potential consumers, in some countries there is a lot of fragmentation (that is, lots of channels splitting the audience up), so no individual channel can deliver a large audience. Fortunately for advertisers, in most countries a few large channels still dominate—they have the highest ratings, which allows them to fund the best shows, which in turn deliver large audiences.

It's important to note that while television can, potentially, deliver fast and vast reach, many individual low-rating channels are not able to deliver this promise. Low-rating specialist channels often claim that in compensation they deliver a specialist audience (for example the business news channel might claim to deliver wealthy viewers). These claims should be treated with scepticism and checked out carefully. Research shows that small specialist channels largely deliver the same sort of audience as larger reach channels—they just deliver far fewer viewers (Sharp, Beal & Collins, 2009). Once an advertiser has bought some space on a large television channel, there is usually little value in also buying space on a very low rating channel: it doesn't deliver any additional reach.

The strengths of television advertising are that it:

- is both *audio and visual:* Advertisers are able to demonstrate how the product or service that they are promoting is used. This provides more creative flexibility: a great deal can be done with video, sight and sound. Television can strengthen an advertiser's distinctive assets (whether these be verbal or visual cues).
- *delivers mass reach quickly:* This is important for new brands and any brand that needs to reach a lot of people quickly; for example supermarkets who want to reach most shoppers every week.
- *delivers mass reach cheaply:* Television advertising is quite cheap on a per person basis: even in expensive developed countries it only costs a few cents to play an ad to one person (that is, only $20 or so to reach 1000 people). Television is also often the cheapest way for an advertiser to achieve a particular reach objective, particularly if the requirement is to reach a lot of people in a fairly short space of time.

Television advertising, particularly on top-rating shows, signals that the product is successful and selling well (psychologists refer to the phenomenon of 'social proof': if many other people are buying a brand, we infer it must be good and should not be socially embarrassing for us to also buy). This is why the slogan 'as seen on TV' is sometimes used on packaging and point-of-sale material. Economists point out that large visible advertising expenditures are a signal of the firm's faith in its brand and a signal of its commitment to the market. So, television advertising can make sense for risky products, or for ones that consumers find hard to assess the quality of before purchase (such as insurance or cars): the sheer dollars of expenditure signals quality.

The weaknesses of television advertising are:

- *production costs:* Television can be expensive in terms of both creative development and production (filming) costs; however, this latter cost is declining due to new technology.
- *long lead times:* It takes longer to plan and execute an advertisement on television than it does in other media.
- *limited geographic selectivity:* Television is a mass medium. It allows for state-based and urban/regional selectivity, but it usually isn't possible to target smaller geographic areas, which is why small retailers with very limited catchment areas (for example a small local hardware store) tend to use other media, such as print.
- *wastage:* Being a mass medium, television is more likely than some other platforms to reach people outside the target audience. This isn't necessarily a weakness unless the target market for the brand is particularly narrow (for example, Catapiller selling heavy-moving equipment to councils and large builders). This is one of the main reasons why business-to-business marketers make little use of television.
- *time placement:* Television audiences are strongly skewed towards evening (before midnight). Television doesn't reach people close to when they are shopping.
- *brief exposure:* Television commercials are fleeting (often only 30 seconds) and therefore not well suited to communicating detailed technical information.

Radio

Radio listening generally occurs in conjunction with other activities, such as driving or working at home, and so radio said to be the most versatile medium in that it moves with us. However, as radio is more of a 'background' medium, doubts are raised about the extent to which listeners actually listen to the advertising.

Radio is sometimes recommended as a medium that can be combined with television, as the prime times for these media differ, allowing the advertiser to build cumulative reach by reaching different audiences with each media at different times of the day. While television viewing hits a peak at night-time (between 6 and 10 pm), radio prime time is morning (6 to 9 am) and afternoon (4 to 6 pm) drive time.

The strengths of radio advertising are:

- *the opportunity for audience selectivity:* Radio is a medium that is predominantly bought at a local level, making it more suitable than television for products and services with geographically specific availability. This is why many of the ads on radio are for local brands (such as a specific retail store).
- *the low absolute cost:* Both in terms of creative production and individual spot cost, radio is less expensive than some other media. It is worth noting, however, that cheap spots are nearly always cheap because they reach only a very small audience.
- *short lead times:* A radio campaign can be planned and executed very quickly.
- *being closer to the point of purchase:* Radio has the potential to reach an audience as they approach a potential purchase occasion; for instance in the car on the way to the grocery store.
- *frequency medium:* Radio is considered a frequency medium, which means advertisers can afford (due to the low absolute cost) to buy many spots and hit listeners with many exposures. However, research has shown that additional exposures within a short time frame delivers declining sales effects (see the section on 'Reach' above).

The weaknesses of radio advertising are:

- *limited reach:* Radio is a highly fragmented medium, with the listening audience divided among many stations, so no single station can deliver much reach.
- *brief exposure:* Unlike print, radio commercials are fleeting (sometimes only a few seconds long). There is a substantial risk of the advertisement not being correctly heard or understood.
- *audio only:* The absence of a visual component to radio limits the ability of advertisers to use the medium to strengthen their visual brand cues.
- *clutter:* Radio is a cluttered medium, particularly as a result of the low spot costs that make radio an option for many small businesses that cannot afford even a single low-rating television or magazine spot. For advertisers, this means the creative quality of radio advertising is particularly important in order for radio ads to stand out and be noticed. This may be even more difficult with an audio-only platform.

Print (magazines and newspapers)

Magazines and newspapers are generally viewed as a higher involvement media because reading requires more cognitive effort from the audience than, say, watching television or listening to the radio. This is an advantage for advertising that wants consumers to do a degree of thinking, which is why financial services make a lot of use of print advertising. Conversely, if you have a very simple (possibly visual) message (such as a picture of a perfume bottle or the statement 'home loans at 4.1 per cent') then print is often a cost-effective medium.

Magazines are a highly fragmented media, with most magazines delivering extremely small audiences, and with low cumulative reach over issues; that is, each new issue is largely read by the same people who read the previous issue. However, they do deliver specialist targeted audiences—because people pay to read specialist magazines, an advertiser can be confident that the readers are interested in that topic. For example, home renovation magazines are often read by people who are currently or soon to be renovating their house, wine magazines by people interested in buying expensive wine, and so on.

Newspapers are traditionally known for providing current news. As a result, they are commonly thought of as a 'morning medium'—a medium that is consumed by its audience early on the day of publication. This can be very useful for advertisers who wish to pay only for reaching consumers on a particular day (there is little value in telling people on Monday about the sale that was held on the prior weekend). In comparison, magazines are read over a period of weeks, and sometimes re-read.

Classified advertising in newspapers has largely disappeared, migrating to the internet; however, newspapers still carry a lot of advertising—and the distinction between newspapers and magazines has blurred, as many newspapers have added non-news content, such as fashion, health and home renovation supplements.

Regional newspapers can deliver targeted geographical audiences, right down to individual suburbs in the case of suburban newspapers. For regionally based advertisers this can be very attractive; for national advertisers this is no advantage.

The strengths of print media are:

- *opportunity for targeting:* Many print publications, such as newspapers, offer local audiences (from specific geographic regions), and magazines offer audiences interested in specific topics (for instance motorcycles).
- *potential for high quality creativity:* In comparison to other media, print offers flexibility in relation to the creative aspects of advertising (both in terms of allowing for a prestigious look and also in terms of tactical elements such as providing for a call to action, coupons or trialling).
- *long shelf life:* Magazines (though not newspapers) are typically read and re-read, as they linger around for a while before finally being recycled.
- *high reach:* Print media generally (not including small 'niche' magazines) have the ability to reach large audience numbers.

The weaknesses of print media are:

- *long lead times:* Due to the nature of print, it takes longer to plan and execute an advertisement in this medium than in many others. This is more of a problem for magazines than newspapers given the regularity of the publications and the quality of the printing typically used for both types of print (that is, colour printing can take longer to arrange).
- *clutter:* Print (in particular for magazines) is perhaps the most cluttered of all media.
- *total absolute cost:* Print can be expensive both in terms of creative development and the cost associated with individual advertising spots. However, as for television, on a cost for reach basis this medium isn't particularly expensive relative to some other forms of media.
- *visual only:* The absence of an audio component to print media limits the ability for advertisers to strengthen their auditory brand cues when using it to advertise.

Outdoor

Outdoor or out of home (OOH) advertising encompasses all forms of promotional material that are experienced out of the home: in cinemas, in shopping malls, on billboards and even advertising on transport vehicles. While it accounts for only 4 per cent of all media spend, it is a growing medium that is around us constantly, and people are often unaware of just how much advertising they are exposed to in this mode.

Even in outdoor advertising, digital technology is having an effect. Increasingly, digital, moving outdoor displays are available as advertising devices.

The strengths of outdoor advertising are:

- *high visibility:* Outdoor ads can be physically large and located in high traffic areas. This means that they have the ability to stand out and be noticed.

FIGURE 11.7 OUTDOOR ADVERTISING

- *closer to point of purchase:* Outdoor has the ability to reach consumers as they approach potential purchase occasions; for example in the mall on the way to buy shoes.
- *wide coverage (locally):* Outdoor has the ability to be cost-effective, have a wide reach and result in strong word-of-mouth among local communities.
- *new technologies:* Some outdoor is now digital, which brings flexibility in terms of content.
- *media supplement:* Outdoor is commonly considered to be a great extension of television advertising. With most of the content for the advertisement being conveyed via the television version of the commercial, an outdoor execution can be far less detailed and yet act as a reminder of any previous exposure to the television commercial.

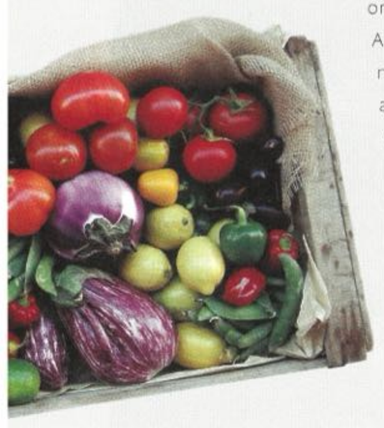
The weaknesses of outdoor/transient advertising are:

- *wastage:* Being a mass medium, outdoor is likely to reach people outside the target audience.
- *limited message and brief exposure:* Unlike for print, the message needs to provide limited information.
- *visual only:* The absence of an audio component means outdoor advertising does not provide the ability for advertisers to strengthen their auditory brand cues.
- *difficult to measure:* Metrics for outdoor advertising are generally limited to traffic reports (information on the number of cars that drive past an outdoor billboard location within a week).
- *clutter:* Outdoor media competes with everything else in a person's line of sight. Thus, there is clutter for outdoor advertising beyond simply competing advertising.

Case study

FarmFoods Direct: Planning for reach

Philip runs a business in a small rural town in Queensland, selling boxes of locally sourced organic fruit and vegetables. He's been selling the boxes for a few years now at a local level—selling just under one hundred boxes per week to members of the local branch of the Association of Organic Farmers and to neighbours and some people in nearby towns. Recently, due to the growing popularity of healthy eating and demand for locally produced organic food, Philip decided to invest in a big expansion for the business. His aim is to develop a recognised brand (FarmFoods Direct) with distribution networks across the region as well as in the closest capital cities, Brisbane and Sydney.



Philip knows that the most important step in successfully growing his business will be to tell people about the brand: 'If they don't know about it, they can't buy it.' So he sets aside a significant portion of the money that he's borrowed from the bank for advertising. His target market is very broad—everyone who eats—so he wants to use the budget in the most cost-efficient way so that he can tell as many people as possible about FarmFoods Direct. The problem is that he has no idea how to spend the budget: he has very little experience with advertising and marketing, and his research has presented him with conflicting ideas.

Question

Consider and discuss the following ideas to help Philip build his campaign. Which of these strategies would be best?

1. The best way to reach a lot of people would be to run a television ad during the last episode of a popular reality TV cooking show on the big free-to-air television station (although just one ad would use up 80 per cent of the budget for the first half of the year).
2. A good idea would be to focus the spend on ads in women's food magazines because women do most of the shopping and those that are interested in cooking are more likely to be interested in FarmFoods Direct.
3. Dedicating the whole spend on weekly ads in the Association of Organic Farmers' newsletter and banner ads on the Association's website would be the best way to reach people interested in organic food. There is no point running radio ads to complement a television commercial because it would just reach the same people. Also, radio listeners are not very engaged and it is not a good medium for this campaign because the quality of the produce can't be shown without a visual.

Product placement

In comparison to outdoor, radio and print media, **product placement** is a relatively new (albeit increasingly popular) consideration for the media budget. Product placement is simply the insertion of the advertiser's product in the production of movie and/or television content, whereby the audience sees the product used (by an actor) in a natural setting. Perhaps one of the most famous early product placements in movies is Reese's Pieces (American chocolates) in the 1982 movie *ET*, and most of us will have seen James Bond (see Figure 11.8) driving an Aston Martin, drinking Dom Pérignon champagne and wearing a Rolex.

product placement: The presence of a branded product or service within an entertainment program; for example, a Starbucks cup in the television show *Friends*.

The strengths of product placement are that it:

- *curbs advertising avoidance:* As the product appears within the context of the programming and may even be written into the script for the media content, there is less chance of the advertising being avoided by channel switching, muting or leaving the room during the break. The product placement may not even be viewed by the audience as advertising, which in itself has advantages for the commissioning organisation.
- *is demonstrative:* The product placement typically involves the product being consumed by an actor. This allows for demonstration of the product's real use and also implies endorsement from the actor.
- *builds mass reach and awareness quickly:* Similar to television campaigns, product placement (given it appears within programming content) gains reach fast.

FIGURE 11.8 PRODUCT PLACEMENT: JAMES BOND 007

The weaknesses of product placement are:

- *wastage:* Being a mass medium product placement it is likely to reach people outside the target audience.
- *limited message and brief exposure:* Product placement is usually fleeting and incidental to the story, which is quite different from a (good) advertisement.
- *clutter:* With the increase in popularity of this alternative approach to traditional advertising, product placement is becoming overly cluttered in many instances and somewhat cliché for audiences.
- *high absolute cost:* Given its popularity, product placement has a certain level of exclusivity attached to it. So for many advertisers, product placement can be cost-prohibitive.
- *lack of control:* An advertiser has less creative control than they might do when advertising in other media. The placement of products can be at the director's discretion.

direct mail (DM): Advertisements that are delivered to homes directly.

above the line media: Typically traditional media that is usually booked through a media or advertising agency (TV, radio, print).

below the line media: Typically non-traditional media expenditure such as DM or CRM. The term is sometimes also used to encompass in-store activity and even price promotions.

Direct mail

Direct mail (**DM**) is the delivery of advertising material to recipients of postal mail. Its popularity has been propelled by the fascination with customer relationship management (CRM) and loyalty marketing among practitioners in recent years, and it is a huge and growing industry. Parts of marketing budgets have moved from **above the line** media into **below the line media**, such as DM and CRM.

The strengths of direct mail are that it is:

- *personal:* An advertiser using DM can target the message to the right people, ensuring that those who they reach are qualified leads.

- *flexible*, both in terms of creative execution and timing.
- *measurable:* With CEOs being increasingly concerned with the return on investment from advertising expenditure, DM is one medium that can provide measurability.
- *information rich:* DM allows the advertiser to provide detail about product specifics and to provide much more information about the offer than could be provided using another medium.
- *good for trialling:* DM is a good medium through which to provide new trial packs of products (such as sachets of hand cream).

The weaknesses of direct mail are:

- *limited reach:* Cost (and often a lack of available and accurate customer data) typically prohibits mass reach from being achieved using DM.
- *high cost:* The cost of creative and delivery means a very high cost per reach point. Continuous scheduling of advertising using this vehicle is therefore impossible for most advertisers.
- *limited response rates:* As DM is often evaluated on the basis of the direct response achieved as a result of a mailout, it is important to note that DM has a notoriously low response rate.
- *difficult to maintain:* The success (or otherwise) of DM campaigns is driven by the quality of the database used for mail-outs. This data needs to be kept accurate and up to date, and this is expensive and time-consuming.
- *negative perceptions:* DM is often considered as junk mail and as an invasion of privacy.
- *clutter:* DM is prolific and hence it is often avoided by the potential audience (thus the typical low response rates).
- *visual only:* The absence of an audio component means advertisers cannot strengthen their auditory brand cues using DM.

Sponsorship

Sponsorship is not new; in the Ancient Olympic Games, athletes required the support of 'patrons' in order to cover their training and expenses. Types of sponsorships today include:

- sport—athletes, sporting events, sporting clubs, and grounds and stadiums
- arts—events, festivals, artists, galleries, art competitions and prizes
- cause-related—charities, research foundations, prizes and scholarships
- programs—news spots and program series.

A common criticism of sponsorship has been the lack of attention paid to quantifying the returns and why this expenditure is appropriate, but this is changing. Sponsorship managers are under increasing pressure to justify their spending, especially because sponsorship pricing varies considerably and because there are many competing options. Also, the number of large national and international events with several sponsors has increased. So sponsors have to work harder to attract consumers' attention. Previously regarded as a donation from the sponsor (company) for altruism or goodwill, sponsorship is now usually considered a commercial decision, and compared to other media options.

The strengths of sponsorship are:

- it provides a *talking point* for the brand, which may bring it attention: This is particularly important for brands in categories that are difficult to interest consumers in, such as electricity or insurance.
- it drives *good will:* Seen by many as more than just advertising, sponsorship can be viewed more positively by the audience since a commercial entity is supporting a worthy cause.
- *wide coverage (locally):* It has the ability to deliver cost-effective, wide reach and word-of-mouth among local communities.
- *long shelf life:* Sponsorship can have a long-term return for the advertiser. For instance, an athlete may wear a sponsor's clothing across an entire year of events at which they perform.

The weaknesses of sponsorship are:

- *wastage:* Sponsorships are likely to reach people outside the target audience.
- *limited message:* The message delivered via a sponsorship provides limited (or no) information to the audience.
- *clutter:* With the increase in popularity of this type of advertising, sponsorship (like product placement) is becoming overly cluttered and somewhat cliché.
- *high absolute cost:* Sponsorship for many advertisers can be cost prohibitive depending upon the requirements of the sporting star, program directors, causes and so on.
- *difficult to measure:* Understanding the exact value of sponsorship, particularly in terms of reach and particularly when it involves less measured vehicles (such as television program sponsorships), is difficult.

The internet

Many of the media we have already discussed are now online. Print media (newspapers and magazines) will increasingly be read on tablets such as iPads. Television and radio are also being consumed via the internet. However, we don't include them as part of this discussion of online advertising, although they are, of course, online.

Most companies have their own websites for the provision of information for their prospective customers or to allow customers to place orders. Maintaining these websites has become a significant activity for most marketing departments. The cost of this effort isn't counted in any estimates of the global expenditure on online advertising.

paid search advertising: Paying for links to appear alongside the top search results in a search engine.

Somewhat surprisingly, online advertising is dominated by just a few types of advertising. **Paid search advertising** still represents more than half of all the advertising dollars spent online. This advertising revenue is taken by the search engines: mainly by Google, but also Baidu, the dominant search engine in China, and Microsoft's Bing, which powers Yahoo! Search.

When a consumer types search terms such as 'cheap flight to Phuket' into a search engine, the search engine not only brings up relevant web pages but also relevant links that have been paid for by advertisers (see Figure 11.9). ZenithOptimedia (a media agency) estimated that advertisers globally would spend US$40 billion on such paid links in 2012—about 8 per cent of total advertising

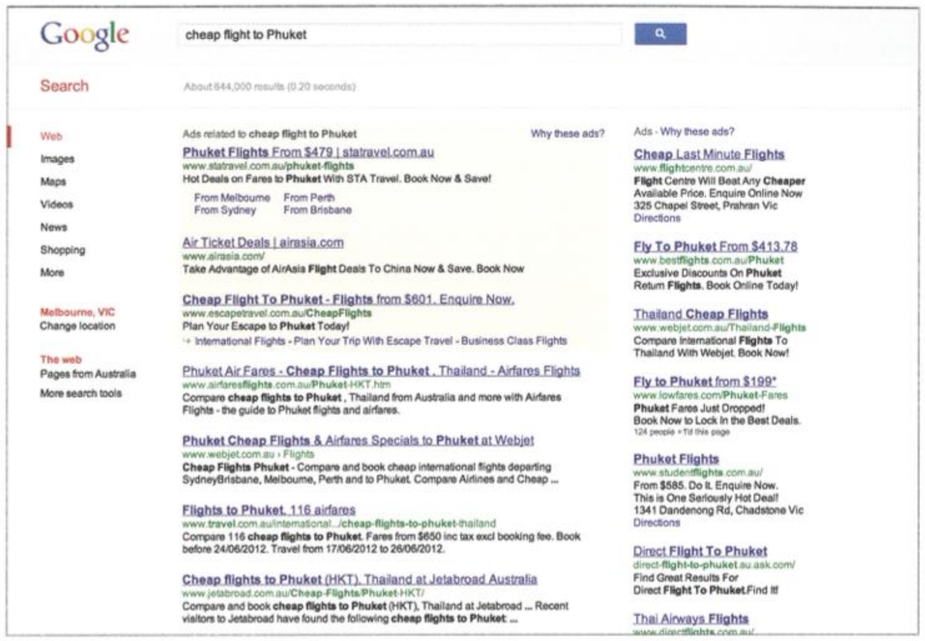

Google
cheap flight to Phuket
Search
About 844,000 results (0.20 seconds)
Web
Images
Maps
Videos
News
Shopping
More
Melbourne, VIC
Change location
The web
Pages from Australia
More search tools
Ads related to cheap flight to Phuket
Why these ads?
Phuket Flights From $479 | statravel.com.au
www.statravel.com.au/phuket-flights
Hot Deals on Fares to Phuket With STA Travel. Book Now & Save!
From Melbourne From Perth
From Sydney From Brisbane
Air Ticket Deals | airasia.com
www.airasia.com/
Take Advantage of AirAsia Flight Deals To China Now & Save. Book Now
Cheap Flight To Phuket - Flights from $601. Enquire Now.
www.escapetravel.com.au/CheapFlights
Plan Your Escape to Phuket Today!
International Flights - Plan Your Trip With Escape Travel - Business Class Flights
Phuket Air Fares - Cheap Flights to Phuket . Thailand - Airfares Flights
www.airfaresflights.com.au/Phuket-HKT.htm
Compare cheap flights to Phuket , Thailand from Australia and more with Airfares Flights - the guide to Phuket flights and airfares.
Phuket Cheap Flights & Airfares Specials to Phuket at Webjet
www.webjet.com.au › Flights
Cheap Flights Phuket - Compare and book cheap international flights departing SydneyBrisbane, Melbourne, Perth and to Phuket. Compare Airlines and Cheap ...
Flights to Phuket. 116 airfares
www.travel.com.au/international.../cheap-flights-to-phuket-thailand
Compare 116 cheap flights to Phuket. Fares from $650 inc tax excl booking fee. Book before 24/06/2012. Travel from 17/06/2012 to 26/06/2012.
Cheap flights to Phuket (HKT). Thailand at Jetabroad Australia
www.jetabroad.com.au/Cheap-Flights/Phuket-HKT/
Compare and book cheap flights to Phuket (HKT), Thailand at Jetabroad ... Recent visitors to Jetabroad have found the following cheap flights to Phuket: ...
Ads - Why these ads?
Cheap Last Minute Flights
www.flightcentre.com.au/
Flight Centre Will Beat Any Cheaper Available Price. Enquire Online Now
325 Chapel Street, Prahran Vic
Directions
Fly To Phuket From $413.78
www.bestflights.com.au/Phuket
Exclusive Discounts On Phuket Return Flights. Book Online Today!
Thailand Cheap Flights
www.webjet.com.au/Thailand-Flights
Compare International Flights To Thailand With Webjet. Book Now!
Fly to Phuket from $199*
www.lowfares.com/Phuket-Fares
Phuket Fares Just Dropped! Book Now to Lock In the Best Deals.
124 people +1'd this page
Phuket Flights
www.studentflights.com.au/
From $585. Do It. Enquire Now.
This is One Seriously Hot Deal!
1341 Dandenong Rd, Chadstone Vic
Directions
Direct Flight To Phuket
direct-flight-to-phuket.au.ask.com/
Find Great Results For Direct Flight To Phuket.Find It!
Thai Airways Flights

FIGURE 11.9 PAID SEARCH ADVERTISING

expenditure, which means that slightly more advertising dollars are spent on paid search than radio, almost as much as is spent on magazine advertising.

Paid search advertising has largely replaced classified advertising in newspapers and Yellow Pages advertising. Previously, such advertising generated substantial revenues for newspapers and the owners of directory services. Today much of that revenue now goes to one company, Google, which has allowed it to rapidly climb to be one of the top fifty most profitable public companies in the world, even though it is barely ten years old.

Newspaper classified ads and printed 'Yellow Pages' weren't just replaced by search advertising; they also replaced themselves by moving online. So, today advertising on specialist classified websites (such as drive.com.au and tradingpost.com.au) makes up about 15 per cent of online advertising.

The rest of online advertising (less than half) mainly goes to display advertisements on web pages. Given that there are easily more than 100 million unique websites and more than a trillion web pages, buying space online looks astonishingly complicated. First, there is the decision of where to buy space, and then there is the issue of how—given that these websites have many different owners. Things are made more simple by the fact that most websites attract very little traffic, with only very few generating sizeable audiences. Those that do generate large audiences include YouTube, ninemsn and Yahoo!7. ComScore (2011b) reports that the top ten web 'properties' (groups of websites with the same owner) account for half of all Australian web browsing (these properties have owners such as Microsoft, Google, Apple, Facebook, Yahoo!, eBay, Wikimedia,

What were the steps the management went through?

1 Selection of the keywords to use

It was important to keep track of keywords that had a very high cost-to-click number and weren't converting to sales. In this case, the keywords that underperformed were general, odd-matched keywords such as 'Portland', a well-known city in the state, 'Oregon' and 'Washington'.

Identifying the top performing keywords in the campaign was important because these words and phrases were used to guide the content of the landing pages tied to the campaign, as well as the entire hotel website.

The Hotel Director explained that the PPC project team built their campaign landing pages based on the ad keywords and tied the online hotel room booking system to the landing pages to make the entire buying process very easy for prospective guests.

Top keywords were uncovered by looking at click-through rate (CTR) data, conversions in the form of a booked hotel room, clicks, cost-per-click and any keywords that weren't contributing to the bottom line. In PPC campaigns, results can be tracked in real time, so keywords that aren't performing can be removed.

2 Learning from previous campaigns

The original PPC effort had a number of problems:

- It did not use or test all keyword match types, such as broad match, phrase match, exact match and negative match, for best performance.
- The keywords used in the original campaign tended to be very general and competitive terms.
- Some of the PPC campaigns were targeting the entire United States rather than staying focused on the north-west region. This meant it was creating web visits from less targeted and less ready-to-convert visitors.
- It wasn't a branded campaign. It didn't include landing pages specific to the ads, so clicks were simply going to the hotel's home page, and the actual ad text was not being tested.

The new PPC effort addressed all these problem areas by:

- very specifically geotargeting of the north-west region of the United States
- testing multiple variations of ad text to uncover best performing ads
- utilising all keyword match types
- sending clicks to landing pages that were specifically created for the advertisements.

One early problem even in the new campaign was a lack of measurement of all key variables, and without this it was very difficult to learn. For the first two months of the new effort, the CL online booking system wasn't able to track results from the PPC campaign. Once this was solved, hotel management was able to see exactly how the results of the campaign were, compared to the advertising expenditure.

What were the results?

The most important metric was that even a small monthly PPC advertising spend of around $500 created significant revenue for the company. The Hotel Director stated, 'What we are generating in revenue is just amazing to me.' He added that as the PPC campaign is further refined through collecting all the relevant metrics, both advertising impressions served to attract potential clients, and conversions of those who click through to the hotel landing page will continue to rise.

The more specific results were:

- an 81 per cent increase in return-on-ad-spend over four months
- a 75 per cent increase in hotel reservations over four months
- a 74 per cent decrease in cost-per-click over four months
- a 2464 per cent return on ad spend.

Over the four-month period of the new, 'learning' PPC campaign, the total media spend was $1909 and revenue generated was $41,420.

Source: Adapted from Kirkpatrick, D (2011) 'PPC Campaign: Marketer learns from unsuccessful campaign to deliver 75% increase in sales', *Marketing Sherpa*, 7 April, retrieved 2 August from <www.marketingsherpa.com/article.php?ident=31882>

Social media

While social media is the new kid on the block, its growth is unparalleled. It is estimated that by 2015 social media will become a mainstream mass media platform, with one third of the world's population being users of social media. This offers advertisers access to 80 per cent of global consumer expenditure (Nuttney, 2010).

However, to put this in perspective, currently Australians in total spend about 60 million hours using social media each month. But they spend about 2200 million hours watching television each month. Half of this huge (almost forty-fold) difference is because in any month only about half the population uses social media, while practically everyone watches television. This lack of reach has significant marketing implications for social media, even though it is growing.

Social media can be defined as 'the online tools that people use to share content, ideas, thoughts, opinions, experiences, and media itself' (Campbell, Conare & Hernandez, 2010). But for most people (and marketers) social media today means Facebook, YouTube and a little bit of Twitter and LinkedIn.

Facebook is the second most visited website in Australia (after Google) and the average user spends more than five hours a month on Facebook. Yet Facebook currently captures only a few per cent of online advertising revenue. How much will this change in the future?

The conversation prism (Figure 11.10) by Solis and Thomas (2009) perhaps offers a view of the social media universe, categorised and also organised by how people use each network.

As social media usage grows generally, it is the Facebook platform that continues to dominate on all metrics (time spent consuming, reach, advertising revenue and sharing). In 2010, three out of ten internet sessions included a visit to the site (comScore, 2011a). Subsequently, it now boasts more than 750 million active users (Facebook_Press_Room, 2011). The unrivalled scale of Facebook, in terms of its available reach, combined with its advertising model that targets on the

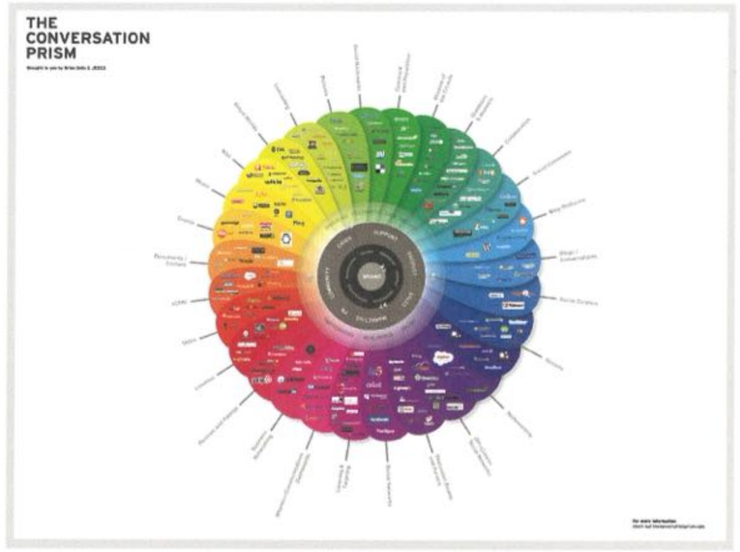


FIGURE 11.10 THE CONVERSATION PRISM

basis of demographic matching, locality and relevancy, makes it an obvious choice for marketers wanting to invest in social media space. Its success is shown in the incredible growth in advertising revenue in only a few short years. In 2009, Facebook advertising revenue was reportedly around US$800 million, where conservative estimates for 2012 are closer to $6 billion (Frederickson, 2011).

TABLE 11.1 FACEBOOK STATISTICS, AUSTRALIA

Total users	almost 11 million
Penetration of population (%)	51
Penetration of online population (%)	64
Average CPC ($)	0.60
Average CPM ($)	0.26
Largest age group user (years)	25–34
Male users (%)	46
Female users (%)	54

These metrics are for the past six months as at 19 March 2012.

Source: Social Baker (2012) 'Australia Facebook Statistics', retrieved 19 March 2012 from <www.socialbakers.com/facebook-statistics/australia>

The strengths of social media are:

- capacity message sharing
- low cost to advertisers
- flexibility
- global reach
- the fact that you can build networks.

The weaknesses of social media are:

- that it is monopolised by a few social giants
- that brand networks (fans, followers) are typically heavy buyers of the brand
- that technology changes near daily—it costs to keep up
- it has high fragmentation, making it hard to reach vast numbers easily
- there is little credible research, so many advertisers are flying blind.

Social Baker is a statistics pool covering a range of social media sites such as Facebook, Twitter, Google+, LinkedIn and YouTube. Its purpose is to provide data to brands on their 'engagement' metrics. Table 11.2 details the metrics offered by Social Baker.

TABLE 11.2 SOCIAL MEDIA METRICS REPORTED BY SOCIAL BAKER

MEDIA	METRICS REPORTED	
Facebook	Number of fans	Engagement rate
	Demography by country	Average response rate
	Population penetration	Change in fans (growth/decline)
	People talking about metric	
Twitter	Followers	Change in followers and following
	Following	Measured by country, brand and category
Google+	Followers	Change in followers and following
	Following	Measured by country, brand and category
YouTube	Channel views	Change in channel views
	Subscribers	Change in video views
	Uploaded video views	

PUTTING A MIX TOGETHER: INTEGRATED MARKETING COMMUNICATIONS

LEARNING OBJECTIVE
Recognise key terminology (including data and tools) used in media planning

integrated marketing communications (IMC): Advertising placed across media in a complementary and harmonious manner.

While all media types have there own intrinsic advantages and disadvantages, there is no rule to say that media plans have to focus on one single medium. It is widely believed that a combination of media types can be more successful then those that only use a single media and certainly different media have different features that may complement one another. However, there is little in the way

Glam Media and Telstra). Also, many websites do not carry advertising (Wikipedia or iTunes) or only carry their own advertising (Apple). Ad servers offer the service of distributing display ads across many different websites: Google is a major ad server.

The strengths of internet advertising are:

- *highly targeted/reduced wastage:* Search advertising reaches those who are interested in the product category—indicated by the search term they entered. Other online advertising can be targeted based on other indications (such as what a Facebook user has indicated they like). However, a casual inspection of the display ads that feature on the web pages we visit quickly reveals that little targeting is actually employed.
- *low production costs:* Much online advertising consists of little more than a few words, and is thus very cheap to produce.
- *wide coverage:* Internet advertising has the ability to deliver very cost-effective, wide reach to a global audience.
- *long shelf life:* The platform can be maintained and available for as long as it is deemed necessary.
- *message delivery:* Internet campaigns allow for the provision of detailed messages.
- *direct response:* Internet campaigns are particularly good for getting and recording the direct response of the audience. Sales can be processed via the medium.
- *measurement:* Very detailed information can be easily and quickly gathered about the audience for internet campaigns (click-through rates, time spent on site, direct response/sales and so on).
- *audio and visual:* Advertisers are able to demonstrate how the product or service that they are promoting is used, and both auditory and visual brand cues can be strengthened.

The weaknesses of internet advertising are:

- *fragmentation and clutter:* The web is a highly fragmented medium, making it extremely difficult for a particular campaign to reach a large audience—let alone stand out among the clutter.
- *goal-directed behaviour*: In many instances of online viewing the audience have a clear goal (such as talking to friends on Facebook) that conflicts with them viewing advertising. Viewers are extremely good at screening out (not seeing) advertisements in such situations.
- *reach is restricted to heavy users:* By far the biggest disadvantage of some internet campaigns is that they reach the very heaviest of a brand's users. To search for a brand online or join as a Facebook fan of a brand requires some effort, which you are most likely to exert if there is something in it for you (for instance the chance to win competitions for a brand or product you already buy). Increasingly, internet campaigns are becoming more likely to be mass campaigns (and so are reaching more light brand users), but for the most part such campaigns allow the advertiser to spend money advertising to those who would have bought the product or brand anyway.
- *under-researched:* The internet is by far the most under-researched advertising medium (largely due to its rate of growth). This poses issues for advertisers when considering moving media money from one (tried and tested) medium to one that is relatively new.

Case study

Heathman Lodge learns to use online advertising effectively

Heathman Lodge (CL) is an upmarket hotel in the US state of Washington that caters for people who seek an outdoor holiday but comfortable, well-catered accommodation. It began what was judged a not very successful online advertising campaign where it placed advertisements on the Google search results pages for people who had searched for certain key words such as 'hotel in rural Oregon'. In this advertising method, an advertiser only pays Google when someone clicks on the advert (a click through) and this is called a 'pay-per-click' (PPC) advertising campaign. CL's management had had a website for several years but had not used PPC advertising previously and devised its approach based on advice it had read in business magazines. CL subsequently realised it had suffered from using overly broad keywords and no testing of its PPC advertisement text. Further, those who clicked on its adverts were led to the hotel's home page instead of to a customised landing page tied to the advertisement.

To improve the initial results, the company learnt from this first foray into online advertising that it needed to improve its entire approach based on a complete rebuild of its website, new landing pages tied to the PPC campaign and close attention to three strategic search areas: keyword management, uncovering top-assisting keywords and buying high-performing natural search keywords, including branded keywords. All of the decisions about its new approach were to be driven by using online data metrics.

The new PPC effort was exclusively tied to one search engine (Google), response data was tracked via the new landing pages and the initial expenditure was kept low, as the main purpose was to learn about how to manage this form of marketing communications and its effectiveness.

The results from the revised approach campaign were very impressive. The Hotel Director stated: 'In January, we had 105 total conversions and we did $16,040 in revenue, whereas in the previous October, before the new PPC campaign, we only had 41 conversions and made just $6093 in revenue through PPC ads.'

of solid research findings that support this belief, and even less that can give guidance on how to assemble a good multimedia campaign.

Multimedia platform synergy

The media world is complex and fragmented, making returns from media budgets harder to maximise. Media synergy creates value over and above that delivered by each individual media platform. So how can different media be pieced together to create effective synergy?

FIGURE 11.11 WHAT IS SYNERGY?

A decade of change

The media sector around the world has profoundly changed. New ways for consumers to interact are offered via social media and tablets. These changes offer exciting possibilities for advertisers. However, more options make decision making complex and increase the risk of wasting media dollars. Spreading budgets over more media does not necessarily lead to great effectiveness, so smart planning and synergy matter!

The power of television

Despite the explosion of new media, studies continue to endorse television's importance for advertisers, and campaigns that include television in the multi-platform media mix outperform those that omit television. Where possible, television should be the foundation (not the limit) for any multi-platform campaign.

Four keys to synergy

- Build cumulative reach more effectively.
- Broaden the timing and context of consumer **touch points**.
- Provide enhanced repetition.
- Build a neuro-rich campaign environment.

touch points: Media sources that potential consumers might see or hear throughout the day.

1 Build cumulative reach more effectively

Advertising can only impact the people it reaches. Cumulative reach, where you reach as many people as possible at least once, is an important campaign consideration. Consumers need to be reached!

Evidence to date shows that advertising's greatest sales effect occurs when an individual moves from zero to one exposure (Wind & Sharp, 2009). Additional close-by exposures also increase the chance of a consumer purchasing the brand, but the effect of each following exposure is each not as much as the preceding exposure (see Figure 11.12).

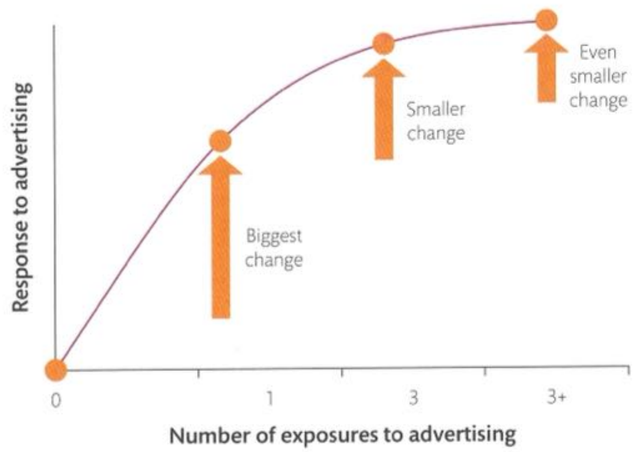


FIGURE 11.12 SALES RESPONSE TO ADVERTISING EXPOSURE

So an effective multi-platform media mix needs to reach more people without wasting advertising dollars by hitting the same consumers multiple times with the same stimuli within a short window.

The aim of multi-platform media planning is to pull fragmented audiences together to achieve a reach reflective of the brand's audience. When this has been achieved, then there is the potential for other multi-platform media synergies to emerge.

CNBC's recent EV Series sponsored by Credit Suisse is a good example of an effective multi-platform campaign in action. The campaign was extended from television into outdoor, online and print and mobile. Research demonstrates a gradual build in ad awareness across multiple platforms when using more than just television alone (see Figure 11.13).

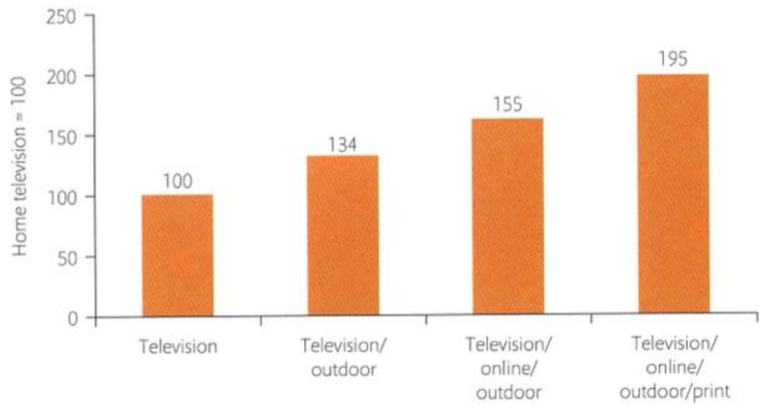


FIGURE 11.13 BUILD IN AD AWARENESS ACROSS MULTIPLE PLATFORMS

2 Broaden the timing and context of consumer touch points

Think about where and when you use media:

- in the morning (newspapers)
- on the bus (radio and mobile)
- at work (computers and social media)
- at home (television and tablets).

By placing advertising in a multi-platform mix, you can insert the advertising into people's lives, enhancing receptivity around varied purchase consideration points.

3 Provide enhanced repetition (rather than just frequency)

Enhance the impact of repetition rather than achieving the lower impact of ordinary frequency. Excess frequency is close repetition of similar stimuli in the same media. Two ways to help turn frequency into enhanced repetition are to vary the context and to space out the exposures.

Vary the context

Varying the context stimulates forward encoding: where an ad in one medium improves the performance of the ad in a second medium because:

- the second exposure gains more attention and the brain is tricked into thinking the stimuli is more novel than familiar
- the varied contexts are seen as two separate (rather than repetitive) exposures and are processed as such.

AN ADVERTISEMENT FOR A FILM, SEEN IN AN OUTDOOR CONTEXT

Space out exposures

Allowing time in between exposures means the stimuli is processed more deeply; that is, longer intervals between exposures result in better learning and up to 20 per cent improvement in memory than shorter intervals. Heavy bursts of stimuli close together are not always an efficient way to gain reach. Use multiple media to space out advertising.

4 Build a neuro-rich campaign environment

A 'neuro-rich' campaign heightens the long-term processing of the campaign in memory. The art of the media mix is drawing on the strengths of each medium and choosing media that mesh together to provide a wide scope for stimulating consumers' senses (see Figure 11.14).

Different media types provide opportunities to expand the possible ways consumers can process the campaign exposure.

ANOTHER ADVERTISEMENT FOR THE FILM, WHICH MIGHT BE SEEN IN OTHER CONTEXTS

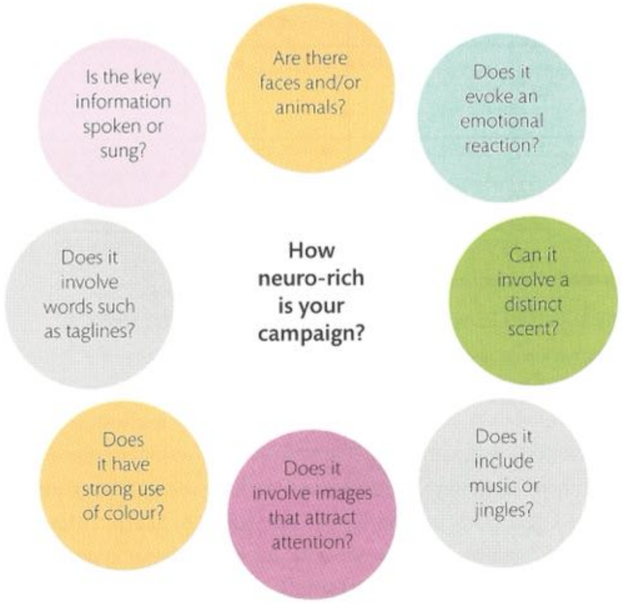

Is the key information spoken or sung?
Are there faces and/or animals?
Does it evoke an emotional reaction?
Does it involve words such as taglines?
How neuro-rich is your campaign?
Can it involve a distinct scent?
Does it have strong use of colour?
Does it involve images that attract attention?
Does it include music or jingles?

FIGURE 11.14 QUESTIONS TO ASK WHEN EVALUATING A CAMPAIGN TO INCREASE NEURO-RICHNESS

There are two key patterns that demonstrate how different types of media compete for their audience. The implications of these patterns are that certain combinations of media being used in a plan might be more effective than others.

Double jeopardy law in media

In Chapter 3 we discussed the double jeopardy law as it applies to the buying of brands. We see this same pattern in the way that audiences use media (Redford, 2005), in that less popular (that is smaller reaching) media draw both a smaller audience and an audience who spend less time with the media that they use. Figure 11.15 shows this pattern. While there are some media that break the general rule by being used for less time than their reach would suggest, generally the more popular a media is, the more time its users will spend using it.

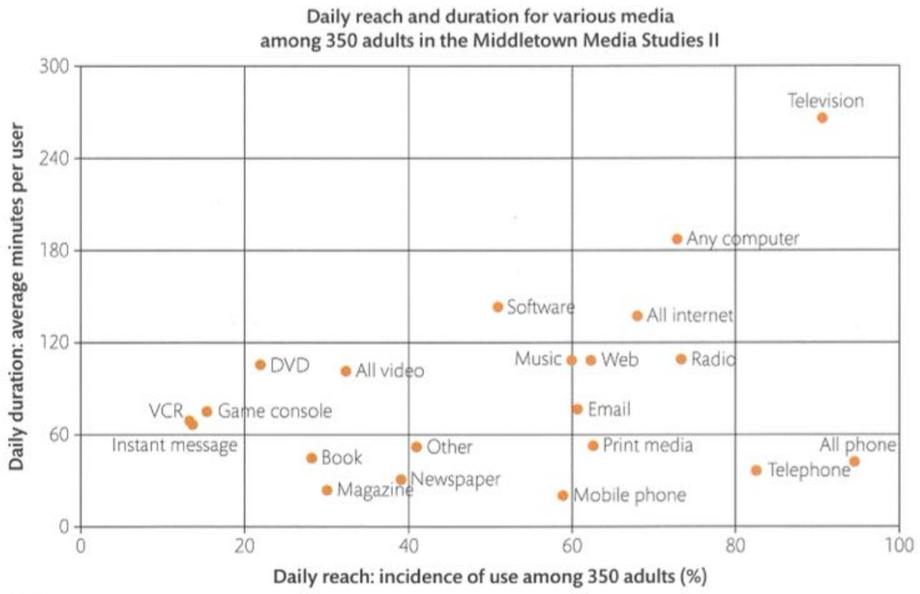


FIGURE 11.15 RELATIONSHIP BETWEEN REACH OF A MEDIUM AND TIME SPENT USING IT

Source: Song, Y-B (no date) 'Finding the missing piece in online frequency', *Atlas Institute Digital Marketing Insights*, Atlas DMT, LLC, p. 2

Further research (Goodhardt, Ehrenberg & Collins, 1975; Barwise & Ehrenberg, 1988; Collins, Beal & Barwise, 2003; McDowell & Dick, 2005; Nelson-Field, Lees, Riebe & Sharp, 2010), has also shown that this pattern applies to vehicles within a medium for both television and radio content, and across a range of markets and changes in the structure of these markets. Therefore, the more popular a particular program is, the more often viewers will tune in, and the longer they will spend watching or listening to that program.

For advertisers, this means that competing media largely deliver an audience that differs mainly in relation to its size or reach, not in relation to how much their audience uses them. Small media that reach very dedicated users appear to be more the exception than the rule.

Duplication of viewing/listening law

Another pattern that we discussed earlier (Chapter 6) in relation to how brands share consumers is the duplication of purchase law. A similar pattern has been shown to apply to the way in which competing media share their audience: the **duplication of viewing/listening law**. Competing media share their audiences with one another in line with their size or reach. This pattern has been observed at many levels of media competition. For example, radio shares more of its audience with television and less of its audience with magazines. Within a media class, magazines, an individual publication will share most of its audience with a very wide-reaching magazine (such as *Australian Women's Weekly*), but far less of its audience with a smaller publication (such as *Vogue*) (Redford, 2005; Goodhardt, Ehrenberg & Collins, 1975; Barwise & Ehrenberg, 1988; Collins, Beal & Barwise, 2003). This pattern is demonstrated in Table 11.3, with UK television station data.

duplication of viewing/listening law: The pattern observed in the sharing of audiences across media platforms. Media share viewers and listeners in line with market share: the smaller media platforms (such as magazines) share more customers with bigger media platforms (such as television).

TABLE 11.3 DUPLICATION OF VIEWING IN UK TELEVISION

UK INDV. 4+ M/C HMS 2001	PERCENTAGE WHO ALSO VIEWED:						
VIEWERS OF	BBC1	ITV1	BBC2	CH 4	CH 5	SKY 1	UK GOLD
BBC1	-	83	71	67	52	35	29
ITV1	92	-	71	68	54	33	28
BBC2	95	85	-	73	56	33	29
Ch 4	94	86	77	-	58	36	30
Ch 5	87	94	76	75	-	38	33
Sky 1	89	76	70	66	54	-	43
UK Gold	92	81	71	70	58	54	-
Average	92	83	73	70	55	38	32

For advertisers, this means that adding smaller media to a campaign that already involves a wide-reaching medium will likely mean you do little to broaden your reach and instead build additional frequency, as the audience of the small medium is probably already reached by advertising with the larger counterpart.

Searching for the small but consistent exceptions to these patterns is a useful part of building a successful media mix. For example, outdoor advertising may be useful in reaching light television viewers (people who watch less television) because they are out and about and therefore see more billboards.

EARNING OBJECTIVE
)escribe the concept of
ffective scheduling and
range of scheduling
atterns

DEVELOPING THE MEDIA SCHEDULE

One of the key aspects of media planning is deciding upon the scheduling strategy that will be applied to each annual campaign's media plan. Many advertisers determine media budgets and develop approximate scheduling plans on an annual basis (leaving some scope for flexibility to respond to market changes). From there, the annual media plan is commonly divided into weekly blocks (the standard industry unit for media scheduling) and key campaign statistics such as reach and frequency are reported at a weekly level. Given this industry orientation, in this book we also discuss media scheduling on the basis of weekly purchasing for annual campaigns.

There are a few overall strategies that are used in developing a media schedule. Here we discuss the two main approaches used, although these can vary dramatically between practitioners.

Scheduling for reach

As suggested earlier, maximising the cumulative reach among category buyers should be every advertiser's and every media planner's main objective. Media planning strategies that focus on achieving continuous reach are most likely to lead to brand growth. The relationship between frequency of advertising exposure and sales response has been shown to produce a convex distribution (see Figure 11.12). Thus, the impact of increased advertising exposure (frequency) on sales is considerably less than that resulting from expanding the reach of the campaign (Taylor, 2010; Jones, 2007; Jones, 1992; Ephron, 2001; Taylor, Kennedy & Sharp, 2009). The scheduling implication of this is that maximising cumulative reach across a campaign should produce the best sales effect, therefore seeking maximum reach should be the focus in scheduling media.

'Reach don't teach'

Advertisers need to reach as many category buyers as possible. They also want coverage over time so that when any consumer goes to buy from the category they have seen an advertisement recently.

The cheapest way of achieving these two objectives is usually to space out advertising over time, to use a variety of media, and to advertise at different times of the week, month or day in order to reach different people with different media habits.

Media must always be evaluated in terms of its reach, and whether it reaches *new* potential customers. For example, a thirty-second advertisement during the US Super Bowl is very expensive: *Forbes* magazine reports an average cost of US$3 million (Smith, 2012). But when this is put into context, it appears that this can be exceedingly good value, because 111 million Americans watched the Super Bowl, and viewers look out for the advertising during the game (there is minimal advertising avoidance), plus the advertising is often later shared on the internet and discussed on other media. So even if the Super Bowl spot only reached those who viewed the game, that would represent a CPM of only $27 (that's 2.7 cents to reach a viewer).

For an advertiser who had a media budget of exactly $3 million, it would be very difficult for them to spend it any other way and gain similar reach for thirty seconds of video exposure—it would certainly be difficult to do it so quickly. So, for an advertiser that needed to reach a lot of people around the time of the Super Bowl (for example a movie release) this would seem like the perfect media buy. However, for other advertisers, even if they wanted this much reach, it suffers from the fact that it reaches people on one single day of the year, leaving all other days silent. So unless the ad's memory effects could be guaranteed not to erode (which is most unlikely) it would be better for an advertiser with a $3 million budget to spend it gradually over the year—aiming to gradually, but as efficiently as possible, cumulate reach.

For an advertiser with a budget of more than $3 million, they would look seriously at a Super Bowl spot to gain some pure cost-effective reach, but would spend their remaining budget on advertising over the rest of the year—again aiming to cumulate reach as efficiently as possible.

If it were possible to know which potential consumers were to buy our category on a particular day, based on this evidence we would ensure that we advertise to them the day (or even hour) that they are to make that brand choice. However, as marketers we do not have that knowledge and so, as purchases of most categories occur relatively equally across the year, this means that a continuity schedule is most likely to deliver maximum reach. Across time, a continuous advertising schedule would involve advertising weight being equally spread across all weeks of the year. This is shown in Figure 11.16, which applies such an approach to an annual media budget of 2600 TARPs for television. The *x*-axis represents each of the fifty-two weeks of the year. The *y*-axis shows the TARPs that have been allocated to each week of the year. While this figure shows the case of a television schedule, the same approach could be applied regardless of the media platform chosen.

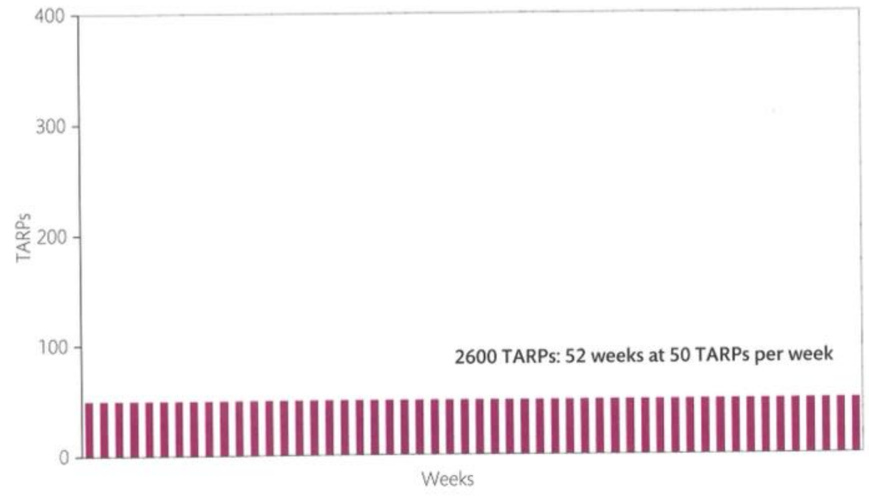


FIGURE 11.16 CONTINUITY SCHEDULE

Given some buying in most categories occurs every day of the year, more potential targets should be reached if advertising is spread out across that year (ensuring a continuous advertising presence for the advertiser).

One of the common criticisms of this scheduling approach is that advertisers do not believe they have the budget to advertise so continuously. While it is indeed impossible, even for those with enormous media budgets, to reach every category buyer just before every purchase opportunity (100 per cent reach within the target audience every day, with an average frequency of just 1), this does not mean that they should not aspire to that ideal, and there are many ways of implementing a broad reach-based approach to scheduling media.

Regardless of budget, this approach can (at least broadly) be applied to any campaign schedule. For example, if you can afford only twelve ads per year, then buy one per month, rather than twelve within a single month. It may simply be a case of adjusting the type of media used (for instance choose print instead of television) in order to maximise the reach achieved for the assigned budget. Similarly, the length of each individual planning unit can be adjusted to accommodate smaller budgets (advertising each month instead of each week). The key to applying a reach-based scheduling approach is having reach maximisation as the ultimate objective.

Media researchers Herb Krugman and Erwin Ephron simplified the continuous reach strategy by likening media planning to physical distribution. They suggest advertising must 'rent the shelf' so that the brand is 'always there' when a buyer needs to access it from their memory (Ephron, 1995a: 2–4).

> … Visualise a window of advertising opportunity in front of each purchase. Advertising's job is to influence the purchase. The planner's job is to place the message in that window … Purchases are made each week, and planners don't know who will make them, so the goal is to reach as many different consumers as possible in as many different weeks as possible. It is a continuous reach strategy, which results in more weeks at lower weight than a traditional plan.

Another common criticism of continuous schedules is that they require low advertising weights for any single week in which the campaign is 'on air'. This criticism assumes that a threshold weight of advertising is required in order for advertising to work. There is no reliable empirical evidence to show that such a threshold exists. Rather, practitioners have learnt that a given level of advertising weight is required in order for advertising's effect to be captured in typical advertising tracking instruments. This demonstrates a lack of sensitivity in these measures, rather than a threshold requirement to produce an advertising effect. Single source data is a more sensitive measurement instrument, and all research that has been conducted using this data shows no such threshold. The gold standard for scheduling practice should therefore involve aiming to maximise reach in media scheduling.

Despite this approach (on face value) being potentially easy to implement, bursts of advertising (followed by long silences) are very common. Many marketing departments are structured around producing campaigns that are followed by periods of planning for the next campaign. However, leading-edge companies are moving away from this practice.

Case study

The Turkey Farmers Association: Complexities of communication and the media

The Australian Turkey Farmers Association has decided to pool the advertising spend of each member farm and develop a national 'eat turkey' marketing campaign. The aim of the campaign is to get Australians to eat turkey more often by reminding people that turkey is not just a meal for Christmas day, but a healthy alternative to red meat or chicken that is inexpensive and versatile. After voting for the idea of a joint campaign, and deciding on thea financial contribution per farm (the ad budget), the board gave each of the farmers a month to discuss the idea with their marketing departments and to come up with suggestions for the campaign plan and media schedule. Most of the smaller producers had no marketing team and were happy to go along with the status quo, but the four biggest producers came back with proposals from their marketing managers.

- *Company 1*: There is so much advertising these days, if we really want people to put turkey on the table they need to see/hear our ads several times so that the message sinks in.
- *Company 2*: Most people do shopping on Thursdays or Saturdays so we should use the budget to run radio ads just on those two days so people hear it on the way to the supermarket.
- *Company 3*: The goal should be to try get as many people as possible to see our ad at least once. We should compare the CPM across television, radio, newspapers and magazines, pick the option that gives us the biggest bang for our buck and then schedule ads evenly across all days of the week.
- *Company 4*: A combination of direct marketing, in-store samples and a Facebook group would help us develop an ongoing dialogue with our customers. Also using those media would make it easier for us to track the success of the campaign.

Questions

1. Define reach and frequency and identify the companies which are making media decisions based on those aspects.
2. The committee decides that they want to maximise reach. Which of the following suggestions would be the most appropriate way to divide the ad spend each week (and why?):
   a. Company 2's suggestion—all ads on shopping days Thursday and Sunday
   b. Company 3's suggestion—steady advertising across the week.
3. Compare the ideas of Company 1 and Company 3. Identify and discuss any problems with that you find.
4. What would be the advantages and disadvantages of using Company 4's ideas (direct marketing, in-store samples and Facebook) in this instance?

MEDIA DATA, TOOLS AND CAMPAIGN EVALUATION

Available media data

Any manager who is involved in buying or selling media space for advertising needs to use data in order to make media buying decisions and then to evaluate and justify the decisions made. This data is largely collected by commercial market research companies, who sell it to numerous media agencies and advertisers on a subscription basis. Such data is known as **syndicated data**, as it is provided in the same format across media and advertisers. It often comes with its own user-friendly software for analysis and interpretation. Other data that can also be helpful to advertisers in making decisions are provided by both market research companies (in ad hoc research studies) and by the media themselves (for instance, circulation figures for print are often provided by the publications rather than by a separate independent company).

Regardless of the media platform, providers sell their ability to reach an audience—they sell eyeballs and/or ears. Thus, data that captures the number of exposures delivered is necessary for any media buyer or seller. The exact format of this data differs by country, but for each media such data often acts as the currency upon which advertising space is bought and sold. For example, for television such data (**target audience measurement** data or ratings) is collected by way of people meter technology in most countries. For print, it is circulation or readership information, and for the internet it is either impressions, clicks or page landings.

target audience measurement (TAM): Data collected to capture the number of audience members (reach) delivered via television.

As the process of selecting a media and advertising spot is complicated, and as buying directly from the media company can be expensive, many advertisers hire media agencies to recommend and actually make purchases on their behalf. Both media agencies and media companies typically possess **optimisation software**, although these tools are largely used only for guiding television purchasing and so are often not as extensive as one might expect. They are designed to output a recommended media mix, based upon some prescribed inputs. For most optimisers these inputs include (but are not limited to) the overall budget, the target market and the objectives for the campaign. The particular algorithm used to determine the media suggestions that are eventually made is often proprietary and based on specific assumptions the media company or agency makes about how advertising and media work. The outputs of such optimisation tools are particular reach and frequency recommendations. Optimisers are typically only used to aid a recommendation largely driven by the planner's experience and understanding of vehicles (and their audiences), or they are used by the planner as a post-hoc rationalisation for their (pre-determined) media recommendations (Paech, 2005).

optimisation software: Systems typically owned by media agencies, based on specific assumptions about how marketing works, and used to recommend a media mix, reach and frequency to media buyers.

Evaluating the media buy

There is a growing demand for media to demonstrate their contribution to the overall success of advertising campaigns (Wicken & Spittler, 1998; White, 2000; Coen, 2002).

From a tactical point of view, media companies can conduct post-campaign analysis for their advertiser clients. This involves using ratings or readership data to compare the media purchases that have been made (for instance TARPs ordered) with what was actually delivered by the media. It may seem irrational that what is actually delivered may not be an exact match for what was originally bought. It is, however, not possible to know with certainty a week earlier how many people will watch a particular episode of *Desperate Housewives*—and yet the advertising space has to be sold before the screening of the program. So it is necessary to assess the reach and frequency that is promised by the media with what they were actually able to provide. For television companies, advertising prices are estimated ahead of time based on historical data (the ratings that were achieved for the same time slot last week, or last year) and other knowledge of likely spot performance. For example, for advertising spots being sold in a new program, this may be the ratings that were achieved for the same program when it ran in a different country or how the program genre usually rates.

Where the reach purchased is less than what was actually achieved, the advertisers happily accept their good fortune and the media companies adjust their charges for future spots. Where media companies accept that they have not delivered what was bought, they may give the advertisers

make-goods: Free spots provided to an advertiser to match original audience-size goals (TARPs or spots) that were not initially achieved.

'make-goods'. **Make-goods** are free spots that are given to the advertiser to match the TARPs, spots and so on that were not achieved with the original placement.

Once the campaign is completed, it is in the advertiser's interest to check that these estimates were correct, and that they received what they ordered. Post-campaign analysis is not always undertaken for all campaigns. Many advertisers move on quickly after a campaign is completed and fail to determine whether their purchase decisions were justified. Post-campaign evaluation should be more common than it is. Some advertisers (rightfully) go further than relying on a post-campaign analysis from the media provider: they get their purchases audited. **Media auditing** companies provide post-campaign analysis similar to that provided by the media companies. However, they also provide an indication of value for money. As most media advertising spots are bought through a media agency, who negotiates large bulk buys of advertising positions annually and then on-sells space, different agencies can provide similar spots at very different rates. Media auditing companies are able to determine whether the rate received by the advertiser is reasonable given what they know about the negotiated deals made by the agencies, the prices charged to other advertisers, and the total amount being spent by the advertiser.

media auditing: Post-campaign analysis that includes analysing return on investment: whether an advertiser really received the advertising spots they paid for.

Marketers may also try to evaluate the impact of media on consumers by measuring behavioural or attitudinal change, such as increases in sales, changes in brand awareness and/or recall of the advertisements. Such output metrics are generally collected by the advertiser via their own internal data collection mechanisms (such as sales data) or through ad hoc research that they commission with their market research consultant. Teasing out the contribution of the media strategy from the effects of the advertising content, and the many other things occuring in the marketplace, can be very tricky.

Cross-media measurement

Despite the accelerated use of IMC, both practitioners and academics agree that there are severe difficulties in terms of measuring its effect (Ephron, 2000a; Paech, 2005). It's usually not even possible to generate traditional media metrics such as reach and frequency for a cross-media campaign. Most data systems used for media planning cannot fully account for an individual's cross-media flow, duplication and interrelationships (McConochie & Uyenco, 2003). Thus, the quantitative benefits of IMC, in particular gaining additional reach of 'different' consumers, are generally based more on the assumption that the audiences of different media are largely different (audience segmentation), than on a quantifiable cross-media measure. Consequently, not a great deal is known about synergy effects and how integrated cross-media campaigns perform.

CONCLUSION

There is much to be gained by managing (the often very large) media expenditure wisely, in line with clear objectives and understanding rather than fashion fads. Unfortunately few university marketing degrees teach much about media, so many practising managers are underqualified in this important area.

The key point to remember is that advertising needs to reach all category buyers, and quite regularly, so that their brand memories are fresh at the moment of potential purchase. Media strategy should be fundamentally guided by this principle. Then the characteristics of different media should be exploited to best deliver messages that will build and refresh the memories that the brand needs.

While this does not sound too difficult, many complex trade-offs have to be made due to availability, costs (media prices vary and change) and other practical considerations. Astute managers use these changes to undertake carefully controlled media experiments, because there is enormous opportunity to boost profits from more efficient and effective media strategies, by both lowering media costs and increasing the sales effects of advertising.

11

SUMMARY

- Marketers use media to place their advertising where it will be seen or heard by potential category buyers.
- Media that can reach more category buyers are more valuable, as are media that can reach buyers that are difficult to reach with other media.
- Media that can deliver advertising in a way that is more likely to be noticed are more valuable.
- Media that can deliver a more memorable exposure are more valuable.
- Marketers should plan their media so that they expose as many buyers to their advertising as possible. In practice, this means spreading out advertising placement over time, and across different timeslots, channels and media.

REVISION QUESTIONS

1 Imagine you worked for Stratco or Bunnings—and your boss wanted to invest most of the media budget into print advertising focused on home care magazines and television programs such as *Better Homes and Gardens*. What is your opinion of this decision?

2 Imagine you started a job for a beer brand such as Carlton Draught. Currently the majority of the media budget is spent in a few campaign bursts, particularly one at the start of summer. Drawing on your knowledge of consumer behaviour, as well as media planning concepts, what changes would you recommend to the marketing manager and why?

3 Is 'engagement' a worthy element for media buyers to consider when placing media spots? For example, if you are the brand manager for Pedigree, is it more beneficial for you to put your ads on *Animal Hospital* or the nightly news? Why?

4 List and discuss the kinds of avoidance behaviour.

5 Explain the difference between reach and frequency. Discuss the relationship between them.

6 Discuss the impact of fragmentation of television for media buyers, media sellers and audiences.

7 If the cost per spot for TV Show 1 is $5000 and the audience reached is 300,000, and the cost for TV Show 2 is $20,000 and audience reached is 350,000, calculate the CPM for each. Discuss which television show you would choose and why.

8 What is effective frequency and how might this impact on media purchasing?

9 Discuss methods of evaluating media purchases.

10 What is the role of media planning in modern day marketing activities?

11 Explain what above the line and below the line media activities are.

FURTHER READING

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WEBLINKS

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Nielsen:
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Mumbrella:
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www.ephrononmedia.com